

TESTIMONY BY GEORGINA K. KAWAMURA
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STATE OF HAWAII
TO THE SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
ON
HOUSE BILL NO. 1912

March 20, 2007

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST
BIODIESEL PROJECTS FOR ELECTRICAL GENERATION ON THE ISLAND OF MAUI.

House Bill No. 1912 authorizes the Department of Budget and Finance to issue \$55,000,000 in special purpose revenue bonds to assist BlueEarth Maui Biofuels, LLC with the construction of a biodiesel refinery on the island of Maui. Generally, a project of this nature, the manufacturing of biodiesel fuel, would fall under the "small issue" category under the Internal Revenue Code. The current "small issue" limit is \$20 million from all sources, tax-exempt bonds, taxable bonds, equity capital and other funding, over a six-year period. If the project can be classified as an exempt facility, such as a solid waste disposal facility under federal law, then the \$20 million limitation would not apply. The Department of Budget and Finance and bond counsel will need to examine the exact nature of the project before any bonds are issued.