

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
ON  
HOUSE BILL NO. 2101

January 24, 2008

RELATING TO THE HAWAII ENERGY LOAN PROGRAM.

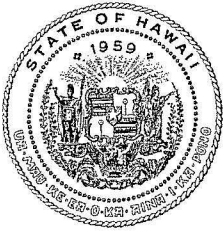
House Bill No. 2101 proposes to amend Hawaii Revised Statutes (HRS) by adding a new chapter entitled "Hawaii Energy Loan Program." The Bill establishes a Hawaii Energy Loan Program Fund (the "Fund") which moneys will be loaned by the Department of Business, Economic Development and Tourism (DBEDT) to finance the development of energy projects, and authorizes the issuance of general obligation bonds by the Director of DBEDT to provide moneys for the Fund.

We oppose this bill as DBEDT should not be allowed to incur debt that would become a State obligation without regard to the statewide budget. Under Chapter 26-8, HRS, the Department of Budget and Finance (DBF) is required to prepare a statewide plan for the effective expenditure of public funds, including the administration of State debt.

Under the Constitution and the laws of the State, the full faith and credit of the State are pledged to the payment of principal and interest on general obligation bonds. As such, the amount of general obligation bonds to be issued must be thoroughly scrutinized.

The DBF is the only State agency currently authorized to issue general obligation bonds. Chapter 39, HRS, authorizes the Director of DBF to issue general obligation bonds, with the approval of the governor, in an amount not to exceed the annual debt limitations prescribed by the State Constitution. Accordingly, it is imperative that the issuance of

general obligations bonds be centralized. Allowing other state agencies to issue general obligation bonds would not be prudent and is a duplication of current efforts.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of  
**THEODORE E. LIU**  
Director

Department of Business, Economic Development, and Tourism  
before the

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

Thursday, January 24, 2008

8:30 AM

State Capitol, Conference Room 312

in consideration of

**HB 2101**

**RELATING TO THE HAWAII ENERGY LOAN PROGRAM.**

Chair Morita, Vice Chair Carroll, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) would like to provide comments on HB 2101, which would establish a loan program for energy projects, recycling projects, alternative fuel projects, vehicles, equipment, mechanisms, or facilities that create or purport to save energy, either in Hawaii or elsewhere. There have been many good ideas introduced this legislative session that support the State's economic development goals. We hope the legislature will see fit to support, pass and fund these ideas, together with the priorities of the Executive's Supplemental Budget.

While the intent of this bill is laudable, in that it seeks to offer government loans to assist with a wide variety of energy, fuels, vehicle, or recycling projects, we are unable to determine the extent to which this incentive will be utilized by energy related programs, the impact it will have on encouraging growth in the industry, and the actual cost or personnel needs of such a program.

Currently, DBEDT's Hawaii Capital Loan Program, a small business program that could have assisted some of the businesses in the energy sector with financing, is unable to fund new loans due to the sunset of the revolving fund by the Legislature on June 30, 2004. Should this energy loan program move forward, the Hawaii Capital Loan Program can serve as a vehicle to administer this program, according to the rules already established to assist small business. However, special funding and authorization from the Legislature would be needed in order to make loans.

Thank you for the opportunity to offer these comments.

**BOB JACOBSON**  
**Councilmember**

*Chair, Environmental Management Committee*  
*Vice-Chair, Finance Committee*  
*Vice-President Hawai'i State Association of Counties*



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**HAWAI'I COUNTY COUNCIL**

*County of Hawai'i*

January 22, 2008

Rep. Hermina M. Morita, Chair  
Rep. Mele Carroll, Vice Chair  
And Members  
Committee on Energy & Environmental Protection

Hearing Scheduled for Thursday, January 24, 2008, 8:30 AM  
Conference Room 312  
State Capitol  
415 South Beretania Street  
Honolulu, HI

Re: HB 2101 RELATING TO THE HAWAII ENERGY LOAN PROGRAM

I wholeheartedly support HB 2101. I believe that the establishments of the Hawaii energy loan program to provide low-interest loans for energy programs that promote energy conservation and renewable energy resource development is very important.

I urge you to pass HB 2101.

Aloha,

Bob Jacobson