
A BILL FOR AN ACT

RELATING TO CLEAN ENERGY BONDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the initial capital
2 investment required by property owners to install renewable
3 energy systems and energy efficiency improvements on residential
4 and commercial properties is a significant barrier to reaching
5 the State's clean energy targets. In order for the State to
6 reach energy efficiency and clean energy goals, increased
7 activity in residential and commercial projects is essential.
8 Employing innovative financing to remove known barriers and
9 stimulate enterprise in the clean energy sector is beneficial to
10 the public.

11 A Hawaii clean energy bond is a federal taxable, state tax-
12 exempt, reimbursable general obligation bond. The bond proceeds
13 will be deposited into the clean energy bond loan revolving fund
14 under the direction of the department of business, economic
15 development, and tourism, which will make loans to commercial
16 and residential property owners for energy efficiency
17 improvements and small renewable energy systems. The loans will
18 be repaid through a special assessment of real property taxes on



1 the borrower's property by the participating counties and
2 remitted to the department under cooperative agreements. The
3 liability to repay the bonds is attached to the borrower's
4 property, rather than to the borrower.

5 Assisting renewable energy projects and investments in
6 Hawaii can provide jobs, as well as long-term energy,
7 environmental, and economic benefits. Moreover, this Act is
8 compatible with the goals and objectives of the Hawaii clean
9 energy initiative.

10 The legislature finds and declares that the Hawaii clean
11 energy bond loan program:

- 12 (1) Supports energy efficiency and renewable energy
13 projects for residential and commercial structures;
- 14 (2) Provides another source of financing energy projects;
- 15 (3) Fosters energy savings;
- 16 (4) Stimulates job growth; and
- 17 (5) Is in the public interest and for the public health,
18 safety, and general welfare of the State.

19 The purpose of this Act is to establish a Hawaii clean
20 energy bond loan program in the State of Hawaii.



1 SECTION 2. The Hawaii Revised Statutes is amended by
2 adding a new chapter to be appropriately designated and to read
3 as follows:

4 "CHAPTER

5 HAWAII CLEAN ENERGY BOND LOAN PROGRAM

6 § -1 Definitions. As used in this chapter:

7 "Department" means the department of business, economic
8 development, and tourism.

9 "Director" means the director of business, economic
10 development, and tourism.

11 "Energy efficiency improvements" means installation or
12 physical modifications to property designed to reduce energy
13 consumption. For the purposes of this chapter, energy
14 efficiency improvements do not include appliances such as
15 washing machines, dryers, dishwashers, and all similar
16 appliances. Energy efficiency improvements shall include, but
17 not be limited to, the following list of measures:

18 (1) Air sealing and ventilation;

19 (2) Insulation;

20 (3) Space heating and cooling;

21 (4) Water heating;

22 (5) Hardwired lighting;



- 1 (6) Daylighting;
- 2 (7) Windows;
- 3 (8) Doors and skylights;
- 4 (9) Reflective roofs; and
- 5 (10) Energy efficiency improvements to pool equipment and
- 6 landscaping.

7 "Loan program" means the Hawaii clean energy bond loan
8 program.

9 "Renewable energy system" means a system that produces
10 thermal or electrical energy from renewable sources, including
11 units with an electrical back-up component, intended for use
12 within the residential or commercial property on which it is
13 located. The following systems qualify for inclusion:

- 14 (1) Solar hot water systems;
- 15 (2) Solar photovoltaic systems;
- 16 (3) Small wind systems; and
- 17 (4) Biogas systems.

18 § -2 Hawaii clean energy bond loan program. There is
19 established the Hawaii clean energy bond loan program which
20 shall be administered by the director of business, economic
21 development, and tourism.



1 § -3 Hawaii clean energy bond loan revolving fund. (a)

2 There is established in the state treasury the Hawaii clean
3 energy bond loan revolving fund, into which shall be deposited:

4 (1) Proceeds from the issuance of general obligation bonds
5 that are deposited into the revolving fund;

6 (2) Repayments of moneys loaned from the revolving fund
7 and interest earned on those moneys;

8 (3) Moneys received from the operation of the loan
9 program;

10 (4) Appropriations made by the legislature to the
11 revolving fund; and

12 (5) Interest earned from the investment of moneys in the
13 revolving fund.

14 (b) Moneys in the Hawaii clean energy bond loan revolving
15 fund shall be used for the following purposes:

16 (1) To make loans to residential and commercial property
17 owners for energy efficiency improvements and
18 renewable energy systems;

19 (2) Repay the general fund for debt service on the general
20 obligation bonds deposited into the revolving fund;
21 and



1 (3) Administrative expenses relating to the operation of
2 the fund and the program.

3 § -4 Powers. The director may:

4 (1) Prescribe rules to carry out this chapter;

5 (2) Enter into contracts relating to the operation of the
6 loan program including administering the loan program;
7 and

8 (3) Perform all functions necessary to effectuate the
9 purposes of this chapter.

10 § -5 Rules. The department shall adopt rules pursuant to
11 chapter 91 to carry out the purposes of this chapter including
12 the following:

13 (1) Prescribing the qualifications for eligibility of
14 applicants for loans;

15 (2) Establishing preferences and priorities in determining
16 eligibility for loans;

17 (3) Establishing the conditions, consistent with the
18 purposes of this chapter, for the granting of or for
19 the continuance of a grant of a loan;

20 (4) Providing for inspection at reasonable hours, of the
21 facilities, equipment, books, and records of the
22 entity which has applied for or has been granted a



1 loan, and to require the submission of reports as may
2 be requested by the department; and

3 (5) Establishing rates and charges for the operation of
4 the loan program.

5 § -6 Loans: (a) The department may make loans to
6 qualifying commercial and residential property owners for energy
7 efficiency improvements and small renewable energy systems in a
8 participating county. A participating county is a county within
9 the State that has agreed to take part in the loan program by
10 taking such legal action as is necessary under its real property
11 tax system to levy upon a property benefited by the loan a
12 special assessment of an amount necessary to repay each loan
13 financed under the loan program. The participating county shall
14 remit the moneys to the Hawaii clean energy bond loan revolving
15 fund, and shall receive reasonable compensation for its
16 services.

17 (b) The loan repayment charge may include the amount of
18 the loan, interest on the loan, and the costs incurred by the
19 department to implement and administer the loan program.

20 (c) The loans shall be subject to the terms and conditions
21 specified in rules adopted by the department.



1 (d) The department shall record a lien on the property
2 benefited by the loan. The lien shall attach to the property.

3 (e) Notwithstanding any law to the contrary, if the
4 director determines that the department is unable to issue a
5 sufficient number of loans to offset the reasonable cost to the
6 department of operating the loan program, the director may delay
7 or suspend the loan program in one or more participating
8 counties or may delay or suspend any feature of the loan
9 program."

10 SECTION 3. The director of finance is authorized to issue
11 general obligation bonds in the sum of \$50,000,000 or so much
12 thereof as may be necessary and the same sum or so much thereof
13 as may be necessary is appropriated for fiscal year 2010-2011
14 for deposit into the Hawaii clean energy bond loan revolving
15 fund.

16 The sum appropriated shall be expended by the department of
17 business, economic development, and tourism for the purposes of
18 this Act.

19 SECTION 4. This Act does not limit or prevent the counties
20 from instituting similar financing programs for energy
21 efficiency improvements and renewable energy systems.

22 SECTION 5. This Act shall take effect on July 1, 2010.



Report Title:

Bond Loan; Clean Energy

Description:

Establishes a clean energy bond loan program for renewable energy system and energy efficiency improvements on residential and commercial properties, and authorizes the issuance of general obligation bonds to finance the program. (HD1 Proposed)

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