
A BILL FOR AN ACT

RELATING TO CLEAN ENERGY BONDS.

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

1 SECTION 1. This Act establishes a Hawaii clean energy bond
2 that is a federal taxable, state tax-exempt, reimbursable
3 general obligation bond. The bond proceeds will be deposited
4 into the clean energy bond loan revolving fund and the
5 department of business, economic development, and tourism, shall
6 be authorized to make loans therefrom to commercial and
7 residential property owners for energy efficiency improvements
8 and small renewable energy systems. The loans will be repaid
9 through a special assessment on the property of the borrower by
10 the participating counties and remitted to the department under
11 cooperative agreements. The liability to repay the bonds will
12 be attached to the borrower's property, rather than to the
13 borrower.

14 The Hawaii clean energy bond loan program established by
15 this Act:

- 16 (1) Supports energy efficiency and renewable energy
17 projects for residential and commercial structures;
18 (2) Provides another source of financing energy projects;



- 1 (3) Fosters energy savings;
- 2 (4) Stimulates job growth; and
- 3 (5) Is in the public interest and for the public health,
- 4 safety, and general welfare of the State.

5 The purpose of this Act is to create a Hawaii clean energy
6 bond loan program.

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

10 "CHAPTER

11 HAWAII CLEAN ENERGY BOND LOAN PROGRAM

12 § -1 Definitions. As used in this chapter:

13 "Department" means the department of business, economic
14 development, and tourism.

15 "Director" means the director of business, economic
16 development, and tourism.

17 "Energy efficiency improvements" means installation or
18 physical modifications to property designed to reduce energy
19 consumption. For the purposes of this chapter, energy efficiency
20 improvements do not include appliances such as, washing
21 machines, dryers, dishwashers, and similar appliances. Energy



1 efficiency improvements shall include, but not be limited to the
2 following list of measures:

- 3 (1) Air sealing and ventilation;
- 4 (2) Insulation;
- 5 (3) Space heating and cooling;
- 6 (4) Water heating;
- 7 (5) Hardwired lighting;
- 8 (6) Daylighting;
- 9 (7) Windows;
- 10 (8) Doors and skylights;
- 11 (9) Reflective roofs; and
- 12 (10) Energy efficiency improvements to pool equipment and
13 landscaping.

14 "Loan program" means the Hawaii clean energy bond loan
15 program.

16 "Renewable energy system" means a system that produces
17 thermal or electrical energy from renewable sources, including
18 units with an electrical back-up component, intended for use
19 within the residential or commercial property on which it is
20 located. The following systems qualify for inclusion as
21 renewable energy systems:

- 22 (1) Solar photovoltaic systems;



1 (2) Small wind systems; and

2 (3) Biogas systems.

3 § -2 Hawaii clean energy bond loan program. There is
4 established the Hawaii clean energy bond loan program, which
5 shall be administered by the director of business, economic
6 development, and tourism.

7 § -3 Hawaii clean energy bond loan revolving fund. (a)

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

10 (1) Proceeds from the issuance of general obligation bonds
11 that are deposited into the fund;

12 (2) Repayments of moneys loaned from the fund and interest
13 earned on those moneys;

14 (3) Moneys received from the operation of the loan
15 program;

16 (4) Appropriations made by the legislature to the fund;
17 and

18 (5) Interest earned from the investment of moneys in the
19 fund.

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



- 1 (1) To make loans to residential and commercial property
2 owners for energy efficiency improvements and
3 renewable energy systems;
- 4 (2) To repay the general fund for debt service on the
5 general obligation bonds deposited into the fund; and
- 6 (3) For administrative expenses relating to the operation
7 of the fund and the loan program.

8 **§ -4 Powers.** The director may:

- 9 (1) Prescribe rules to carry out this chapter;
- 10 (2) Enter into contracts relating to the operation of the
11 loan program including, but not limited to,
12 administering the loan program; and
- 13 (3) Perform all functions necessary to effectuate the
14 purposes of this chapter.

15 **§ -5 Rules.** (a) The department shall adopt rules
16 including but not limited to rules that:

- 17 (1) Prescribe the qualifications for eligibility of
18 applicants for loans;
- 19 (2) Establish preferences and priorities in determining
20 eligibility for loans;



1 (3) Establish the conditions, consistent with the purposes
2 of this chapter, for the granting or for the
3 continuance of a grant of a loan;

4 (4) Provide for inspection at reasonable hours, of the
5 facilities, equipment, books, and records of the
6 entity that has applied for or has been granted a
7 loan, and to require the submission of reports as may
8 be requested by the department; and

9 (5) Establish rates and charges for the operation of the
10 loan program.

11 (b) The department shall adopt rules pursuant to chapter
12 91 to effectuate this section.

13 § -6 Loans. (a) The department may make loans to
14 qualifying commercial and residential property owners for energy
15 efficiency improvements and small renewable energy systems in a
16 participating county. A participating county is a county within
17 the State that has agreed to take part in the loan program by
18 taking legal action as is necessary to levy a special assessment
19 on the property benefited by a loan of an amount necessary to
20 repay each loan financed under the loan program. The
21 participating county shall remit such moneys to the Hawaii clean



1 energy bond loan revolving fund, and shall receive reasonable
2 compensation for its services.

3 (b) The loan repayment charge may include but is not
4 limited to the amount of the loan, interest on the loan, and the
5 costs incurred by the department to implement and administer the
6 loan program.

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

9 (d) The department shall record a lien on the property
10 benefited by the loan. This lien attaches to the property.

11 (e) Notwithstanding any law to the contrary, if the
12 director determines that the department is unable to issue a
13 sufficient number of loans to offset the reasonable cost to the
14 department of operating the loan program, the director may delay
15 or suspend the loan program in one or more participating
16 counties or may delay or suspend any feature of the loan
17 program."

18 SECTION 3. The director of finance is authorized to issue
19 general obligation bonds in the sum of \$50,000,000, or so much
20 thereof as may be necessary, and the same sum, or so much
21 thereof as may be necessary, is appropriated for fiscal year



1 2010-2011, for deposit into the Hawaii clean energy bond loan
2 revolving fund.

3 The sum appropriated shall be expended by the department of
4 business, economic development, and tourism for the purposes of
5 this Act.

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

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

10



Report Title:

Hawaii Clean Energy Bond Loan Program

Description:

Establishes a Hawaii clean energy bond loan program to make loans to qualifying commercial and residential property owners for energy efficiency improvements and small renewable energy systems; authorizes the issuance of general obligation bonds to finance the program. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

