

STAND. COM. REP. NO. 303-10

Honolulu, Hawaii

Feb 11, 2010

RE: H.B. No. 2643
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 2643 entitled:

"A BILL FOR AN ACT RELATING TO CLEAN ENERGY BONDS,"

begs leave to report as follows:

The purpose of this measure is to establish a property assessed clean energy bond program to promote renewable energy system and energy efficiency improvements on residential and commercial properties.

This measure authorizes the issuance of general obligation bonds, the proceeds of which will be used to make loans for energy efficiency improvements and renewable energy systems. The loans will be repaid through an ad valorem real property tax upon improved properties within participating counties. The measure also requires the Department of Business, Economic Development, and Tourism to contract with a third party administrator to manage and administer the program and specifies the duties and responsibilities of the third party administrator that the department may establish by rule or order.

Your Committee, received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Hawaii Building and Construction Trades Council, AFL-CIO, the Blue Planet Foundation, Hawaii Solar Energy Association, and the Sierra Club-Hawaii Chapter. Testimony in support of the



intent of the measure was received from the Hawaii Renewable Energy Alliance.

Your Committee finds that this measure will:

- (1) Provide home- and business-owners with access to the upfront capital to invest in energy efficiency installations and retrofits, thereby eliminating a major barrier to broad societal adoption of energy conservation;
- (2) Enable the State to achieve the Energy Efficiency Portfolio Standard enacted in the Regular Session of 2009;
- (3) Displace spending on imported foreign oil, through the energy conservation achieved, thereby keeping hundreds of millions of dollars at home and circulating in the state economy;
- (4) Create economic activity and jobs at a time when Hawaii most needs them;
- (5) Support the growth of a local clean energy business sector; and
- (6) Properly deploy a government facilitation policy and financing advantage that involves no-cost and is a win-win for all.

Your Committee has amended this measure by replacing the property assessed clean energy bond program with a Hawaii clean energy bond loan program. Specifically, your Committee has amended the bill by:

- (1) Replacing the provisions relating to the third party administrator with provisions granting the Director of Business, Economic Development, and Tourism the power to enter into contracts relating to operation of the loan program and authorizing the Department to make those loans;
- (2) Expanding the rulemaking powers of the Department of Business, Economic Development, and Tourism to encompass the new responsibilities assigned to the Department;



- (3) Adding provisions creating a revolving fund to receive the bond proceeds and the loan repayments and to make loans and repay the bonds; and
- (4) Clarifying that the loans are repaid to the revolving fund through special assessments levied by participating counties upon the real property that is improved by the loans and that the loans are secured through liens placed upon those real properties.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2643, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2643, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,

Hermina Morita

HERMINA MORITA, Chair



