

Honolulu, Hawaii

Feb 26, 2010

RE: H.B. No. 2643
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 2643, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to facilitate progress toward the State's energy efficiency and clean energy goals by establishing a Clean Energy Bond Loan Program financed by reimbursable general obligation bonds, to help renewable energy and energy efficiency system consumers meet the high initial cost of installing these systems.

The Office of the Lieutenant Governor; Department of Business, Economic Development, and Tourism; Blue Planet Foundation; Sierra Club-Hawaii Chapter; Hawaii Solar Energy Association; and County Club Village, Phase 2, Association of Apartment Owners testified in support of this bill. The Tax Foundation of Hawaii provided comments.

Your Committee notes that while this loan program would provide an alternative to the renewable energy tax credit program to allow taxpayers to install renewable energy systems, there is some concern that if a taxpayer uses this loan program and also receives the renewable energy tax credit for the same project, that project will be granted a double subsidy. The existing renewable energy conservation tax credits would then become a windfall for those who are able to put forth the up-front costs



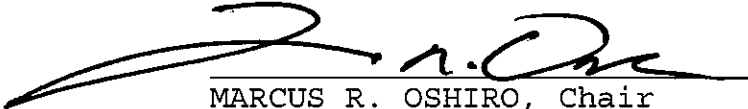
for such devices, which could potentially result in a two-tier system whereby low-income and lower-middle income families remain dependent upon fossil fuels while those with more financial resources are able take advantage of alternate energy systems.

Your Committee has amended this bill by:

- (1) Blanking out the amount of the general obligation bonds for deposit into the Hawaii Clean Energy Bond Loan revolving fund;
- (2) Changing the date to July 1, 2020, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2643, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2643, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



