

STAND. COM. REP. NO.

2774

Honolulu, Hawaii

MAR 19 2010

RE: H.B. No. 2643  
H.D. 2  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred H.B. No. 2643, H.D. 2, 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 clean energy bond program for renewable energy systems and energy efficiency improvements on residential and commercial properties.

Testimony in support of this measure was submitted by one state agency, twenty-three organizations, one city councilmember, and forty-nine individuals. Two county agencies support the intent and one organization submitted comments. Written testimony presented to the Committee may be reviewed on the Legislature's website.

The primary obstacle for homeowners to install clean energy systems or pursue energy efficiency projects is the upfront cost. A typical photovoltaic system, after tax incentives, costs approximately \$16,000. Despite expedited permitting, tax incentives, and educational programs, the installation rate of residential clean energy systems is fairly small. This measure implements a Property-Assessed Clean Energy program, ranked by the Harvard Business Review as one of the top ten "Breakthrough Ideas for 2010" and already adopted by sixteen other states. Your Committee finds that Hawaii cannot meet its renewable energy goals



without broad residential participation, and that this measure will also spur the creation of new jobs.

Your Committee has amended this measure by:

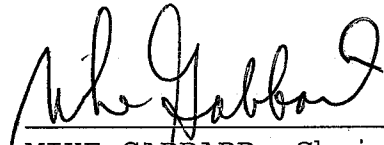
- (1) Adopting the recommendations of the Department of Business, Economic Development, and Tourism to:
  - (A) Clarify that the loan program relies on general obligation reimbursable bonds for funding;
  - (B) Define property owner;
  - (C) Exclude trade fixtures and non-centralized air conditioning units from the loan program;
  - (D) Clarify that the loan program includes solar hot water systems and small wind systems with a capacity to generate fifty kilowatts of electricity or less;
  - (E) Authorize any moneys received from grants to be deposited into the Hawaii clean energy bond loan revolving fund;
  - (F) Insert the bond amount at \$50,000,000;
  - (G) Exempt the chapter from the requirements of section 39-112, Hawaii Revised Statutes, which prohibits the issuance of general obligation bonds for improvements where the costs are to be assessed against the properties benefited; and
  - (H) Insert the proposed administrative rules to implement this loan program as session law, to be repealed when the Department of Business, Economic Development, and Tourism adopts administrative rules to implement this measure;
- (2) Including a severability clause in the measure;
- (3) Clarifying the clause pertaining to the free exercise of the counties;
- (4) Changing the effective date to July 1, 2010; and



- (5) Making technical, nonsubstantive changes for the purposes of style, consistency, and clarity.

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

Respectfully submitted on  
behalf of the members of the  
Committee on Energy and  
Environment,



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MIKE GABBARD, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Energy and Environment**  
**ENE**

Bill / Resolution No.:* <b>HB 2643, HD 2</b>	Committee Referral: <b>ENE, WAM</b>	Date: <b>11 March 2010</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	/			
ENGLISH, J. Kalani (VC)	/			
GREEN, M.D., Josh	/			
HOOSER, Gary L.				/
IHARA, Jr., Les	/			
KOKUBUN, Russell S.				/
HEMMINGS, Fred				/
<b>TOTAL</b>	<b>4</b>			<b>3</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes