

Honolulu, Hawaii

April 23, 2010

RE: H.R. No. 47
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.R. No. 47 entitled:

"HOUSE RESOLUTION REQUESTING THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES TO RECOGNIZE THE EXECUTIVE DEPARTMENT THAT MAKES THE GREATEST REDUCTION IN ENERGY CONSUMPTION,"

begs leave to report as follows:

The purpose of this measure is to encourage State of Hawaii departments to increase their efforts to reduce energy consumption, and to request that the Department of Accounting and General Services publically recognize the executive department which makes the greatest reduction in energy use.

Your Committee distributed a proposed House Draft 1 which changes the topic of the resolution to address the Property Assessed Clean Energy (PACE) bond program. Specifically, the proposed H.D. 1:

- (1) Changes the title of the resolution to "REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM TO WORK WITH THE COUNTIES AND OTHER AFFECTED PARTIES TO RESOLVE THE PROBLEMS WITH IMPLEMENTING A CLEAN ENERGY BOND/PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM ESTABLISHED IN THE DRAFTS OF HOUSE BILL NO. 2643";



- (2) Identifies the Department of Business, Economic Development, and Tourism as the primary entity in facilitating a clean energy bond program, and requests that the department work closely with the Department of Finance and representatives from each county; and
- (3) Outlines the problems with implementing a clean energy bond program discovered in discussion and testimony, and advocates for a resolution of the problems, especially addressing reluctance from the counties to fully support a statewide program, since they would be primarily responsible for administering such a program.

Your Committee received testimony in support of the proposed House Draft from the City and County of Honolulu Office of the Mayor, the County of Kauai Office of the Mayor, the County of Maui Office of Economic Development, the County of Hawaii Department of Research and Development, the Hawaii Bankers Association, the Hawaii Credit Union League, and the Hawaii Solar Energy Association. Your Committee received testimony in opposition to the proposed House Draft from the Department of Business, Economic Development, and Tourism and the Sierra Club Hawaii Chapter. Written comments on the proposed House Draft were received from the Mortgage Bankers Association of Hawaii, the Hawaii Association of Realtors, and one individual.

Your Committee finds that although through its statutorily stated objectives to meet a goal of seventy per cent clean energy by 2030, individual homeowners and businesses often do not have the financial resources to invest in renewable energy systems and energy efficient improvements. Property Assessed Clean Energy (PACE) programs have been utilized in various municipalities in providing property owners with the necessary resources, through loans which are repaid through a special property tax assessment for these systems and improvements. During the session, the Legislature considered House Bill No. 2643 which proposed to establish a state clean energy bond program utilizing the concept of PACE, however; many unresolved issues prevented the measure from enactment. Therefore, the purpose of this resolution is to request the Department of Business, Economic Development, and Tourism to meet with the interested and affected parties to address outstanding issues.

Your Committee notes that the Department of Business, Economic Development, and Tourism should have broad discretion to



encourage as many parties as possible to involve in the drafting of the framework for a successful state program.

Your Committee has amended this measure by adding language suggested in testimony from the Hawaii Bankers Association to item seven on page two, to include language which accounts for federal mortgage financing institutions and to clarify the issue to be resolved.

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 concurs with the intent and purpose of H.R. No. 47, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 47, H.D. 1.

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

Denny Coffman VICE CHAIR
for HERMINA MORITA, Chair



