

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
PEARL IMADA IBOSHI
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
THEODORE E. LIU
Director

Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENT
Thursday, April 22, 2010
9:30 AM
State Capitol, Conference Room 225

in consideration of
HR 47 Proposed HD 1

**REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM TO WORK WITH THE COUNTIES AND OTHER AFFECTED
PARTIES TO RESOLVE THE PROBLEMS WITH THE CLEAN ENERGY
BOND/PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM BILL**

Chair Morita, Vice Chair Coffman, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) has concerns with the language of the proposed resolution. We are working with the counties and others to develop the best possible program, so this resolution is not needed. We are also concerned that the actual program and its intent are not accurately described in the resolution.

Had the clean energy bond bills been scheduled through to conference committee it would have been demonstrated that:

1. A collaborative and cooperative effort with the respective counties will be established through the formulation of an Advisory Council on the PACE program. This council will actively address the needs and issues relating to PACE program implementation.

2. The counties have already been informed that they will receive monetary and structural support to assist in the collection of the PACE assessment lien.
3. The administrative rules will be based on successful programs established in nineteen other states; this will address lenders' concerns.

We would like to take this opportunity to answer the questions presented in HR 47,

Proposed HD1:

- (1) What is the true burden on the counties with respect to administering the program -- for example, without limitation, the upgrading of software, separating the collection of regular real property taxes from loan repayments, and the handling of liens;

Answer: It has been communicated and established with the counties the existence of an operating budget with the PACE program and in conjunction with the PACE program Administrator to assist in the additional software and accounting requirements necessary for successful program implementation. In addition, passing this legislation this year would enable the ability to access stimulus money that will not be available next year.

- (2) What jurisdiction should be responsible for underwriting loans and foreclosing on those loans when property owners default -- county or State

Answer: It has been established that the State will hire an independent PACE program Administrator that will possess the underwriting background to conduct the underwriting process and be actively involved in assisting the counties in the foreclosure process.

- (3) Whether property owners with clean energy loans fully understand that their loan repayments will be in addition to their regular real property taxes and that they should not expect to be shielded from probable real property tax increases in the future

Answer: The establishment of the administrative rules would require disclosures to borrowers by the local government of the risks involved in borrowing, including the risk of foreclosure if a tax delinquency results from a default.

- (4) Whether the interest rates on the loans will be affordable to most homeowners, given that the loan repayments must cover the entire debt service on the bonds plus state and county administrative expenses;

Answer: The original funding Structure of the GO reimbursable bond along with all encompassing administrative fees would have provided a very competitive fixed interest rate for the homeowner. Per White House guidelines at: Pacenow.org; principle that cost of paying off measure to be less than the cost of energy avoided.

- (5) What type of government bonds should be issued for the program, given that the bonds changed from general obligation bonds to reimbursable general obligation bonds to revenue bonds through the different committee drafts of H.B. No. 2643

Answer: The original structure of H.B. 2643 had general obligation reimbursable bonds to provide for a less risky, more competitive interest rate to the homeowner. When the funding structure was changed by the Ways and Means Committee to revenue bonds, the retention of the priority lien status became critical for the program viability. General obligation reimbursable bonds would be the preferred structure to provide the best rates.

- (6, 7) Questions:

Whether the interest rate, terms, and conditions of clean energy loans will in actuality be more advantageous than home equity loans to fund renewable energy systems; and

What the effect will be of prioritizing the clean energy loan lien above mortgage liens -- for example, will the subordination of mortgage loans result in higher mortgage interest rates in participating counties;

Answers: A home equity loan is a variable rate, meaning it can rise over time and the spending of the proceeds is solely at the discretion of the owner, meaning that there is no assurance that the consumer will utilize the proceeds for energy saving measures. A home equity loan is not for the public good. In addition, liquidity remains tight at the banks and the banks are not currently providing adequately enough to the energy loan space. The clean energy loan is a fixed competitive rate whereby the proceeds are directly disbursed to qualified contractors for the permanent instillation of energy saving equipment. PACE is for the public good. Further, as this loan program is classified as a special tax assessed lien, the effect on a lender is minimized by the fact that PACE loans are not accelerated by the triggering event of default. Anytime an increase in property tax or new assessment is levied on a property with an existing first mortgage, the lenders response is to increase the reserve amount required to be held in escrow to ensure the timely payment of taxes and assessments without the need to adjust the borrowers LTV and qualifying ratios. PACE is classified as an assessment and treated in the same manner.

We believe that the original structure of this legislative measure was conducive to its success in that it was modeled after many successful programs that are currently implemented. It

was through the political process that the funding structure of the program was materially changed from a General Obligation reimbursable bond to a revenue bond structure by the Ways and Means Committee. This material change made by the legislature prohibited the ability to yield the priority lien position to assist in alleviating the bankers concerns. Despite this fact, the retention of a priority lien position does not impact the lender in the negative format as our research and program implementation has demonstrated. As such the appropriate studies and structures of this program have been reviewed and were originally represented in earlier versions of the H.B. 2643.

We urge the Committee to work to implement the bill as originally proposed, realizing that the window of opportunity for significant Federal support is now.

We appreciate the opportunity to present this testimony.



Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803
808.538.6616 hawaii.chapter@sierraclub.org

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

April 22, 2010, 9:30 A.M.
(*Testimony is 1 page long*)

TESTIMONY IN OPPOSITION TO HR 47

Aloha Chair Morita and Members of the Committee:

The Hawai'i Chapter of the Sierra Club opposes HR 47, which requests DBEDT work with "interested parties" and the counties to resolve purported problems with the Property Assessed Clean Energy program.

This resolution conflates questions -- that have ready answers -- to the level of "problems" seemingly to justify the House's current failure to act on HB 2643. This is a flimsy reed to stand on. By this summer, over 300 counties and one other state will have a fully functional PACE program. The details of these successful programs have been worked out. Hawai'i, for a lack of political will, has yet to join them.

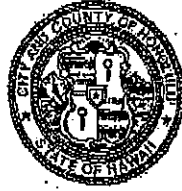
This is a little bit of a tale of two cities. The federal government, under Vice President Biden, just announced that 25 communities would be eligible to receive up to **\$452 million** in Recovery Act funding to establish PACE programs. On the other hand, HR 47 seems to imply our proposed PACE program has problems without giving it a chance to set up.

On the 40th anniversary of Earth Day, wouldn't it be better to advance HB 2643 and attempt to capture some of the federal funds that are available? This act of political courage would not only create new green jobs in Hawai'i, but it would also help your constituents save money and move the state towards meeting our renewable energy goals.

Thank you for the opportunity to testify.

OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 300 * HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 * FAX: (808) 768-4242 * INTERNET: www.honolulu.gov



MUFI HANNEMANN
MAYOR

KIRK W. CALDWELL
MANAGING DIRECTOR
TRUDI S. SAITO
DEPUTY MANAGING DIRECTOR

April 22, 2010

The Honorable Hermina M. Morita
and Members
House Committee on Energy
The Twenty-Fifth State Legislature
State Capitol
Honolulu, Hawaii 96813

Dear Chair Morita and Members:

Subject: House Resolution 47 – Proposed HD1: Requesting the Department of Business, Economic Development, and Tourism to work with the Counties and other affected parties to resolve the problems with the Clean Energy Bond/Property Assessed Clean Energy (PACE) Program Bill

The City and County of Honolulu (City) agrees with the intent and purpose of the proposed HR 47, HD1, and supports its adoption.

The City is supportive of renewable energy systems. This is evidenced by the City's real property tax exemption for alternative energy improvements. However, there are substantive and policy concerns with the legislation under consideration by this Legislature to establish the PACE Program.

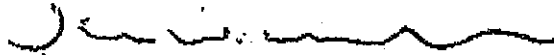
Briefly, under these bills, the State would establish the PACE Program and issue the clean energy bonds. However, the debt service on those bonds would be retired through a dedication of revenues from the counties' real property tax system, albeit revenues tied to improvements financed by the clean energy bonds.

Obviously, given the impact of the current economy on county finances, there are basic concerns with the counties entering into a new venture that affects our primary revenue source, the real property tax. In addition, there are administrative, technical, and legal concerns that would have to be addressed. Furthermore, we are concerned that the ability of our residents to enter the housing market will be negatively affected, as the banking community will find it difficult to accept a secondary claims position.

The Honorable Hermina M. Morita
and Members
April 22, 2010
Page 2

Having said that, the City is committed to a sustainable future for our residents, including energy self-sufficiency. We believe efforts must be made to address our concerns with the PACE Program. We are hopeful that, pursuant to the proposed HR 47, HD-1, the State will make a concerted effort to work with all four counties and other interested parties to resolve the problems identified with establishing and implementing a clean energy bond program.

Sincerely,



Kirk W. Caldwell
Managing Director

Bernard P. Carvalho Jr.
Mayor



Gary K. Heu
Administrative Assistant

OFFICE OF THE MAYOR

County of Kauai, State of Hawaii
4444 Rice Street, Suite 235, Lihue, Hawaii 96766
TEL (808) 241-4900 FAX (808) 241-6877

April 22, 2010

The Honorable Hermina M. Morita
House Committee on Energy and
Environmental Protection
State Capitol
Honolulu, HI 96813

Dear Chair Morita and Members:

**Subject: HR 47, HD 1 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 HB 2643**

The County of Kauai agrees with the intent and purpose of the proposed HR 47, HD1, and supports its adoption.

The County is supportive of renewable energy systems. This resolution is a result of the concerns that were raised during the public hearings on proposed HB 2643, which was the legislation that initiated and established a program for a revolving loan fund for clean energy initiatives throughout the State of Hawaii. Our County is concerned on how the PACE program would be implemented, what the financial costs associated would be to administer this program along with the legal implications that may be of burden to the counties.

For those reasons, the County supports the initiative of this proposed House Resolution requesting that the Department of Business, Economic Development, and Tourism collaborate with the counties and the other affected parties to resolve the problems with implementing the PACE program and compile a report of its findings and recommendations, including any proposed legislation to the Legislature at least 20 days prior to the convening of the Regular Session of 2011.

Thank you for allowing me to submit my testimony in support of HR 47, HD1.

Aloha,
Bernard P. Carvalho, Jr.
Mayor, County of Kauai



Mortgage Bankers Association of Hawaii
P.O. Box 4129, Honolulu, Hawaii 96812

April 22, 2010

Chair Hermina Morita
and Members of the
House Committee on Energy and Environmental Protection
Conference Room 225
Honolulu, Hawaii 96813

Re: HR 47, Proposed HD1 Requesting the Department of Business, Economic Development, and Tourism to Work with the Counties and Other Affected Parties to Resolve the Problems with the Clean Energy Bond/Property Assessed Clean Energy (PACE) Program Bill

Dear Chair Morita and members of the House Committee on Energy and Environmental Protection:

I am Rick Tsujimura representing the Mortgage Bankers Association of Hawaii ("MBAH"). The MBAH is a voluntary organization of real estate lenders in Hawaii. Our membership consists of employees of banks, savings institutions, mortgage bankers, mortgage brokers, and other financial institutions. The members of the MBAH originate the vast majority of residential and commercial real estate mortgage loans in Hawaii. When, and if, the MBAH testifies on legislation, it is related only to mortgage lending.

In general, the MBAH does not oppose the intent of the resolution. We recognize that as a state, we must decrease our dependency on fossil fuel. However, the implementation of PACE must be done with the input of all affected parties. This resolution only begins to scratch the surface of the many unintended consequences that this type of legislation can lead to. In addition to the MBAH, other lending organizations such as the Hawaii Bankers Association, Hawaii Credit Union League, as well as the Honolulu Association of Realtors and the secondary market parties such as Fannie Mae and Freddie Mac should all contribute to the mechanics. HFHA and Fannie Mae both oppose PACE legislation and have formally stated that they will not purchase any first mortgage loans originated in any county or state that is subject to such provision. Hasty implementation of a PACE bill, in the worst case scenario, could paralyze mortgage lending in the State of Hawaii and perhaps bring the recovery of our real estate market to a sudden stop.

Thank you for the opportunity to present this testimony.



TEL:
808-534-5161
FAX:
808-521-6120
ADDRESS:
1000 Business Street, Suite 2015
Honolulu, HI 96815-4233

Presentation to the House Committee on Energy & Environmental Protection

Thursday, April 22, 2010 at 9:30 am, Conf Rm 225

Testimony for HR 47 Requesting The Department Of Business, Economic Development
And Tourism To Work With The Counties And Other Affected Parties To Resolve
The Problems With The Clean Energy Bond/Property Assessed Clean Energy (Pace)
Program Bill

TO: The Honorable Hermina M. Morita, Chair
The Honorable Denny Coffman, Vice Chair
Members of the House Committee on Energy & Environmental Protection

I am Neal Okabayashi of the Hawaii Bankers we thank you for this opportunity to comment on the proposed HD 1 to HR 47. We support the concept of exploring financing options for clean energy products. Thus, we support the proposed HD 1 and suggest further amendments to provide for a comprehensive study.

We also welcome this opportunity to correct misleading information on the PACE program. Unfortunately, PACE has inherent in it, a fatal flaw that would be a disaster for Hawaii's homeowners, Hawaii's homebuyers, Hawaii's construction industry and mortgage lenders. That flaw is that this clean energy loan would be a senior and paramount lien ahead of the mortgage lender's ostensible first mortgage. As a result, the secondary mortgage would likely withdraw from Hawaii. Fannie Mae informed one of our members that Fannie Mae would not purchase mortgage loans in any county that had a PACE program.

In addition, if the clean energy loan lien is a senior and paramount lien as the proponents envision, it is likely that lenders will require both a larger down payment and a higher interest rate on the mortgage loan.

It is clear there are ample financing options for creditworthy borrowers. Last year, near 8,000 home equity loans with principal balances over \$1.3 billion were made in Hawaii. Presently, you can obtain a home equity loan at one bank for 4.5% and since the interest rate on this program will be at least 7%, only those not creditworthy will avail themselves of this program. This country is slowly recovering from a great recession which

stemmed from subprime loans, and this state should not create its own subprime lending program.

This loan program will be attractive to those who are not creditworthy because there will be no credit underwriting. This loan program will have two characteristics of predatory lending: asset based lending and no determination of the ability to repay the loan.

Because of the availability of credit with no underwriting, the potential for abuse of homeowners with little credit capacity may increase, by convincing homeowners to buy products they cannot afford. Thus, we need to have a carefully constructed underwriting program.

While this program has been touted as a revolving bond program, that is incorrect. Proponents have touted the longer amortization program, but a long amortization program means the bond program will not revolve. For example, the average cost of a system is \$30,000 and the life of that system is 25 years. Based on a 7% interest rate and a fully amortized loan on a 25 year term, after five years, only \$2,636.19 of the principal of the loan would have been repaid. That does not portend well for a revolving fund.

We believe that this resolution offers the outline for an objective study of the issues which should not be confined to PACE but to potential alternative solutions such as the energy efficient mortgage program of the EPA. Accordingly, we request the addition of another problem item appropriately numbered and to read as follows:

- (-) The existence of alternative government sponsored financing programs for clean energy products and whether the private financial sector adequately serves the financing needs of those desiring to purchase a clean energy product;

Because Fannie Mae will not purchase first mortgage loans if PACE is adopted, and the withdrawal of the secondary mortgage market investors would lead to a diminution of capital available for residential mortgage lending, item (7) on page 2 should be amended to read as follows and using the Ramseyer format:

- (7) What the effect will be of prioritizing the clean energy loan lien above mortgage liens – for example, what will be the impact of such priority on the position and policy of the Federal Housing Finance Agency and government sponsored enterprises such as Fannie Mae, Freddie Mac, and the twelve Federal Home Loan Bank Boards and their willingness to purchase residential mortgage loans in Hawaii and will the subordination of mortgage loans result in higher mortgage interest rates and larger down payment requirements in participating counties; and

Other issues which come to mind are loan term, loan to value, and credit underwriting and thus we recommend adding a new item to read as follows:

- (--)
What would be an appropriate loan term and amortization schedule to meet the goal of a revolving fund, and appropriate credit underwriting standards including property valuation and credit score requirement;

To clarify who are the affected parties, on page 3, line 19, insert after "affected parties" the following: "such as the Hawaii Bankers Association, the Mortgage Bankers Association of Hawaii, the Hawaii Credit Union League, the Hawaii Financial Services Loan Association, the Hawaii Association of Realtors, and the Hawaii Land Title Association, ..."

We believe these amendments will enhance the resolution and accordingly we request their inclusion into the resolution.

We thank you for this opportunity to testify on this resolution, and we are happy to answer any questions that you may have.

Cyndi Apana

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, April 21, 2010 12:56 PM
To: EEPtestimony
Cc: kauaibrad@hotmail.com
Subject: Testimony for HR47 on 4/22/2010 9:30:00 AM

Testimony for EEP 4/22/2010 9:30:00 AM HR47

Conference room: 225
Testifier position: comments only
Testifier will be present: No
Submitted by: Brad Parsons
Organization: Aloha Analytics
Address:
Phone:
E-mail: kauaibrad@hotmail.com
Submitted on: 4/21/2010

Comments:
Aloha Representatives:

We do not condone this resolution HR47 HD1. Quite frankly, the Legislature should still be working on HB 2643 in Conference Committee.

I will just say that a number of the points listed and amended into HR 47 yesterday are incorrect misrepresentations of fact raised at a late hour to cloud the issue. Must it take you another year to figure that out?

You all had all last fall, winter, and this spring to get HB 2643 right. Quite frankly the way that HB 2643 was structured seemed peculiar to how PACE is being done elsewhere across the nation. But, hey, we delegate to you all to get it right.

You know, it's really quite embarrassing that no other state or locality pursuing it seems to have had this much difficulty in establishing a PACE program. Some of them have gotten it up and running in just a few months.

But, if this is the best that the Hawaii Legislature can do, then you should do it.

Mahalo,
Brad Parsons,
Aloha Analytics



The REALTOR® Building
1136 12th Avenue, Suite 220
Honolulu, Hawaii 96816

Phone: (808) 733-7060
Fax: (808) 737-4977
Neighbor Islands: (888) 737-9070
Email: har@hawaii Realtors.com

April 21, 2010

The Honorable Hermina M. Morita, Chair
House Committee on Energy & Environmental Protection
State Capitol, Room 225
Honolulu, Hawaii 96813

RE: H.R. 47, Proposed H.D.1: 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.

HEARING: Thursday, April 22, 2010 at 9:30 a.m.

Aloha Chair Morita, Vice Chair Coffman and Members of the Committee:

I am Myoung Oh, Government Affairs Director of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,800 members in Hawai'i. HAR submits comments on H.R. 47, Proposed H.D.1.

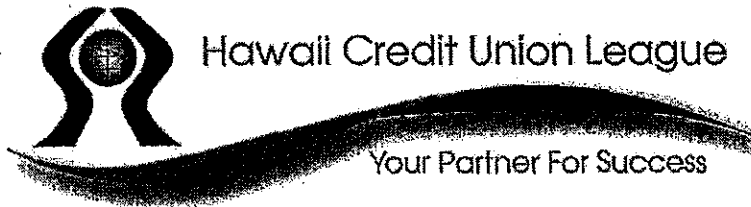
While HAR believes in the concept of green practices and energy efficiency and savings, HAR has concerns about the unintended consequences to homeowners, the real estate industry, and the transfer of real property from the clean energy bond liens that would be established under H.B. 2643, H.D.2, S.D.2. Homeowners may ultimately be adversely affected by potential increases in costs in the form of greater down payments, higher interest costs and the need for private mortgage insurance.

HAR would be happy to work with the Legislature and all interested parties during the Interim to review this issue and discuss the issues raised in the Resolution.

Mahalo for the opportunity to provide testimony.

REALTOR® is a registered collective membership mark which may be used only by real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and subscribe to its strict Code of Ethics.





1654 South King Street
Honolulu, Hawaii 96826-2097
Telephone: (808) 941.0556
Fax: (808) 945.0019
Web site: www.hcul.org
Email: Info@hcul.org



Testimony to the House Committee on Energy and Environmental Protection
April 22, 2010 at 9:30 a.m.

Comments on HR 47

To: The Honorable Hermina Morita, Chair
The Honorable Denny Coffman, Vice-Chair
Members of the Committee on Energy and Environmental Protection

My name is Stefanie Sakamoto and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 90 Hawaii credit unions, representing approximately 810,000 credit union members across the state.

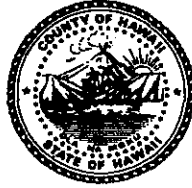
We opposed HB 2643 because it would secure the repayment of an energy loan by making such a loan senior in lien priority to any previous liens or encumbrances. Especially in residential mortgage lending, this approach raises serious concerns because lenders are typically limited to having a maximum 80 percent loan-to-value ratio. The possibility of having a subsequent lien of undeterminable amount with priority over a previously recorded mortgage diminishes that loan-to-value ratio.

While we understand and appreciate the concept of improving energy efficiency in residences, HB 2643 would be detrimental to the mortgage market and, in turn, to homeowners and potential homeowners. Because this bill would impose a superior lien, the risk to mortgage lenders would be increased, thus increasing the equity "cushion" that lenders typically include in case of default on the mortgage. This could result in the requirement of a larger down payment, which could disqualify many potential homebuyers from financing the purchase of a home. Credit unions have a long history of assisting those of modest means, and often help and counsel potential first-time homebuyers toward affordable mortgage loans. Legislation such as HB 2643 might harm the credit unions' ability to offer affordable financing to potential homeowners.

Because HR 47 HD1 requests a study be conducted to address the problems identified through HB 2643, we support the resolution. However, we agree with the suggested amendments and language made by the Hawaii Bankers Association to make the study more comprehensive.

Thank you for the opportunity to testify.

William P. Kenoi
Mayor



Randall M. Kurohara
Director

Laverne R. Omori
Deputy Director

County of Hawaii

DEPARTMENT OF RESEARCH AND DEVELOPMENT

25 Aupuni Street, Room 1301 • Hilo, Hawaii 96720-4252
(808) 961-8366 • Fax (808) 935-1205
E-mail: chresdev@co.hawaii.hi.us

April 21, 2010

The Honorable Hermina M. Morita, Chairperson
and Members of the Committee on Energy & Environmental Protection
State Capitol, Conference Room 225
Honolulu, Hawai'i 96800

RE: HR 47 H.D. 1 - Relating to Implementing Clean Energy Bonds

Dear Chairperson Morita:

The County of Hawai'i is supportive of House Resolution 47 (HR 47 H.D. 1) – as it allows affected parties to work out the mechanics and issues of the proposed Property Assessed Clean Energy (PACE) Bonds and its desired outcome of facilitating more residential and commercial energy efficiency throughout the State, and particularly for the County of Hawai'i.

This initiative will bolster our County's efforts toward the Hawai'i Clean Energy goals while also serving as an economic stimulus providing additional jobs in this industry. The County of Hawai'i agrees with the intent of the PACE program and looks forward to resolving any issues toward implementing this program.

We remain unclear as to our utilities ability to accept more of this type of power onto their grid. We have been notified that HELCO is presently doing a six (6) month study to determine their grid capacity for such renewable energy.

Therefore, as a joint request with other counties and in efforts toward a solution, we are asking for \$500,000 of the American Recovery and Reinvestment Act (ARRA) funds to be made available to each county for the purpose of grid stability.

The County of Hawai'i requests the House Committee on Energy & Environmental Protection support this Resolution to resolve the important issues addressed such that the intent of this program can be realized.

Mahalo for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Randall M. Kurohara".

RANDALL M. KUROHARA
Director



Hawaii Solar Energy Association
Serving Hawaii Since 1977

**April 22, 2010
9:30AM**

**House
COMITTEE ON ENERGY AND
ENVIRONMENTAL PROTECTION**

**Mark Duda
President**

HR 47 HD 1

TESTIMONY IN SUPPORT

Aloha Chair Morita, Vice Chair Coffman, and Members of the Committee:

The Hawaii Solar Energy Association (HSEA) supports HR 47 HD 1 as it seeks to continue the conversation around a Property Accessed Clean Energy (PACE) program for the State of Hawaii. A significant need exists for targeted financing options to support the residential solar market and PACE is one very promising solution to this problem.

The proposed resolution identifies a number of important unanswered questions that can profitably be investigated during the interim. HSEA is encouraged by this proposal to advance the dialogue between the state, counties, and private financial institutions that will ultimately create a greener Hawaii.

Thank you for the opportunity to provide this testimony.

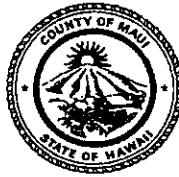
Mark Duda
President, Hawaii Solar Energy Association

About Hawaii Solar Energy Association

Hawaii Solar Energy Association (HSEA) is comprised of installers, distributors, manufacturers and financiers of solar energy systems, both hot water and PV, most of which are Hawaii based, owned and operated. Our primary goals are: (1) to further solar energy and related arts, sciences and technologies with concern for the ecologic, social and economic fabric of the area; (2) to encourage the widespread utilization of solar equipment as a means of lowering the cost of energy to the American public, to help stabilize our economy, to develop independence from fossil fuel and thereby reduce carbon emissions that contribute to climate change; (3) to establish, foster and advance the usefulness of the members, and their various products and services related to the economic applications of the conversion of solar energy for various useful purposes; and (4) to cooperate in, and contribute toward, the enhancement of widespread understanding of the various applications of solar energy conversion in order to increase their usefulness to society.

CHARMAINE TAVARES
MAYOR

DEIDRE M. TEGARDEN
OED COORDINATOR



OFFICE OF ECONOMIC DEVELOPMENT

COUNTY OF MAUI

2200 MAIN STREET, SUITE 305, WAILUKU, MAUI, HAWAII 96793, USA

Telephone: (808)270-7710 Facsimile: (808)270-7995 Email: economic.development@mauicounty.gov

Bill No. HR 47

Date 4/22

Time 800

April 21, 2010

Cat-AF AS AX B

Type 1 (2) WI

The Honorable Hermina M. Morita, Chairperson
and Members of the House Energy & Environmental Protection Committee
State Capitol, Conference Room 225
Honolulu, Hawai'i, 96800
RE: HR 47 H.D. 1 - Relating to Implementing Clean Energy Bonds

Dear Chairperson Morita:

The County of Maui supports House Resolution 47 (HR 47 H.D. 1) as means for the Department of Business, Economic Development and Tourism (DBEDT), the Counties, and other affected parties to resolve the problems identified in the implementation of a Clean Energy Bond/Property Assessed Clean Energy (PACE) Bond established in the drafts of House Bill No. 2643.

Overcoming the initial cost of energy efficiency improvements in homes and buildings, and the installation of distributed energy generation systems in customer-owned sites is a major impediment to greater participation of the public for our energy security and promoting our clean energy future. Additionally, the contribution of a healthy energy business to our economy will create jobs and generate income for our State.

Identifying solutions to the administrative challenges of the program will provide for a better managed energy loan program. The technical readiness of the power grid, particularly in Maui County and the neighbor islands, to accommodate more renewable generation systems is doubtful but can be resolved through grid stability and reliability measures. Accordingly, we jointly request with other counties that \$500,000 of the American Recovery and Reinvestment Act (ARRA) funds be made available to each county toward this solution.

The County of Maui respectfully requests the House Committee on Energy & Environmental Protection to support this Resolution in order to mitigate the critical issues raised so that Hawaii can realize the benefits of the PACE bond program.

Mahalo for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Deidre Tegarden".

Deidre Tegarden
Coordinator, Office of Economic Development

c: Honorable Charmaine Tavares, Mayor, County of Maui
Dr. Victor Reyes, Energy Commissioner, County of Maui