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# A BILL FOR AN ACT

RELATING TO PUBLIC FINANCE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The purpose of this Act is to enable the State,  
2 along with other participating states, territories, and  
3 municipalities, to:

4           (1) Leverage aligned resources and collective influence to  
5 build a national clean economy that creates jobs,  
6 reduces carbon emissions, and ensures the United  
7 States' energy security;

8           (2) Support clean economic development within the State  
9 and within participating states, territories, and  
10 municipalities, by increasing access to capital for  
11 local governments, businesses, and nonprofit entities  
12 in partnership with local financial institutions; and

13           (3) Lessen the burden on the State and other participating  
14 states, territories, and municipalities of financing  
15 qualified renewable energy, renewable energy  
16 transmission, energy efficiency, distributed  
17 generation, and oil-saving projects and technologies,  
18 zero- or low-carbon transportation, clean energy



1 manufacturing, municipal water efficiency, municipal  
2 waste efficiency, job training for energy efficiency  
3 projects, and for other related purposes.

4 It is the intent of the legislature that this Act be  
5 construed to maximize the receipt, allocation, and expenditure  
6 of federal funding.

7 SECTION 2. Chapter 39C, Hawaii Revised Statutes, is  
8 amended by adding a new section to be appropriately designated  
9 and to read as follows:

10 **"§39C- Allocation pooling of qualified energy**  
11 **conservation bonds.** (a) To the extent permitted by federal law  
12 or procedure, the department may enter into an agreement with  
13 any entity authorized to issue bonds to pool allocations of  
14 qualified energy conservation bonds authorized pursuant to The  
15 Energy Improvement and Extension Act of 2008, as codified in  
16 section 54D of the Internal Revenue Code, for the issuance of  
17 qualified energy conservation bonds. The total pool of  
18 allocations may exceed the state ceiling; provided that the  
19 entity with which the department enters into an agreement is  
20 authorized to issue bonds in accordance with the laws of any  
21 state, territory, or commonwealth of the United States of

1 America; provided further that the State's allocation to the  
2 pool does not exceed the state ceiling.

3 (b) The department shall assess a fee on the entity of up  
4 to two per cent of the bond allocation received by the entity.  
5 Of the fees collected under this subsection, less any fees  
6 retained by the department to offset any administrative costs  
7 incurred:

- 8 (1) Fifty per cent shall be deposited into the clean
- 9 energy special account within the energy security
- 10 special fund established pursuant to section 201-12.8;
- 11 and
- 12 (2) Fifty per cent shall be deposited into the general
- 13 fund."

14 SECTION 3. Section 201-12.8, Hawaii Revised Statutes, is  
15 amended to read as follows:

16 **"§201-12.8 Energy security special fund; uses.** (a) There  
17 is created within the state treasury an energy security special  
18 fund, which shall consist of:

- 19 (1) The portion of the environmental response, energy, and
- 20 food security tax specified under section 243-3.5;
- 21 (2) Moneys appropriated to the fund by the legislature;



- 1 (3) All interest attributable to investment of money  
2 deposited in the fund; and
- 3 (4) Moneys allotted to the fund from other sources,  
4 including under section 196-6.5.
- 5 (b) Subject to legislative appropriation, moneys from the  
6 fund may be expended by the department of business, economic  
7 development, and tourism for the following purposes and used for  
8 no other purposes, except for those set forth in this section:
- 9 (1) To support the Hawaii clean energy initiative program,  
10 including its energy division, including funding staff  
11 positions within the division, and projects that  
12 ensure dependable, efficient, and economical energy,  
13 promote energy self-sufficiency, and provide greater  
14 energy security for the State;
- 15 (2) To fund the renewable energy facilitator pursuant to  
16 section 201-12.5 and any other positions necessary for  
17 the purposes of paragraph (1) as determined by the  
18 legislature; and
- 19 (3) To fund, to the extent possible, the greenhouse gas  
20 emissions reduction task force, climate change task  
21 force, grants-in-aid to the economic development  
22 boards of each county, and grants-in-aid to economic



1 development agencies of each county to meet the stated  
2 objectives of the Hawaii clean energy initiative  
3 program.

4 (c) There is established the clean energy special account  
5 within the energy security special fund, which shall contain  
6 deposits from the fee established pursuant to section 39C-  
7 The department may accept any federal and other funds that can  
8 be used for the purposes of the special account, including but  
9 not limited to charitable gifts, grants, contributions, and  
10 loans from individuals, corporations, and philanthropic  
11 foundations. Proceeds from the special account shall be  
12 expended solely pursuant to legislative appropriation; provided  
13 that the proceeds shall be reserved to finance qualified clean  
14 economy projects that:

- 15 (1) Employ commercially viable technologies;
- 16 (2) Are capable of being carried out in a commercially  
17 viable manner within the State or a participating  
18 state, territory, or municipality; and
- 19 (3) Remain current on interest and debt payment  
20 obligations.

21 [~~e~~] (d) The department [~~of business, economic~~  
22 ~~development, and tourism~~] shall submit a report to the



1 legislature, no later than twenty days prior to the convening of  
2 each regular session, on the status and progress of existing  
3 programs and activities and the status of new programs and  
4 activities funded by the energy security special fund. The  
5 report shall also include:

- 6 (1) The spending plan of the energy security special fund;
- 7 (2) All expenditures of energy security special fund  
8 moneys; and
- 9 (3) The targeted markets of the expenditures, including  
10 the reason for selecting those markets; the persons to  
11 be served; and the specific objectives of the  
12 expenditures, including measurable outcomes."

13 SECTION 4. The director of finance shall submit a report  
14 to the legislature no later than twenty days prior to the  
15 convening of the regular session of 2013 that shall include a  
16 listing of all bond transactions executed pursuant to this Act,  
17 the entities with which bond allocations were pooled, the amount  
18 of bonds sold for each entity, and amount of fees collected for  
19 each transaction.

20 SECTION 5. The director of business, economic development,  
21 and tourism shall submit a report to the legislature, no later  
22 than twenty days prior to the convening of the regular session



1 of 2013, that shall include the balance of the clean energy  
2 special account as of date of the report, and a list of  
3 recommendations on qualified clean energy projects to be funded  
4 by legislative appropriation from the special account.

5 SECTION 6. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7 SECTION 7. This Act shall take effect on July 1, 2050;  
8 provided that no funds shall be appropriated for a qualified  
9 clean energy project in accordance with section 3 before July 1,  
10 2013.



**Report Title:**

State Finances; Bond Allocation; Pooling

**Description:**

Permits the department of budget and finance to enter into agreements with other bond issuers to pool qualified energy conservation bond allocations. Requires the department of budget and finance to assess fees. Establishes the clean energy special account within the energy security special fund. Requires proceeds from the special account to be expended pursuant to legislative appropriation. Requires the director of finance and the director of business, economic development, and tourism to submit reports to the legislature. Effective 07/01/2050. (Proposed SD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

