

Honolulu, Hawaii

APR 05 2012

RE: H.B. No. 1033  
H.D. 1  
S.D. 2

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committees on Commerce and Consumer Protection and Ways and Means, to which was referred H.B. No. 1033, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC FINANCE,"

beg leave to report as follows:

The purpose and intent of this measure is to establish the clean economy bank of the State of Hawaii to provide financing support and risk management for qualifying clean economy projects to aid in development of Hawaii's clean energy economy and lessen the State's dependence on imported energy.

Prior to the hearing on this measure, your Committees made available for public review and comment a proposed S.D. 2 of this measure. The proposed S.D. 2 deleted the contents of the measure and inserted language to:

- (1) Allow the Department of Budget and Finance to enter into agreements with other bond issuers to pool qualified energy conservation bond allocations; and
- (2) Establish the clean energy special account within the energy security special fund, funded by fees assessed on entities with which the Department of Budget and Finance enters into agreements to pool bond allocations, to be expended pursuant to legislative appropriation to finance qualified clean economy projects.



Your Committees received testimony in support of the proposed S.D. 2 from the Hawaiian Electric Vehicle Network, Pacific Biodiesel Technologies, Hawaii Laborers' Union, Hawaii Renewable Energy Alliance, Faith Action for Community Equity, Clean Economy Development Center, Moelis & Company, Applied Solutions, Coalition for Green Capital, 25x25 America's Energy Future, and four individuals. Your Committees received comments on the proposed S.D. 2 from the Department of Budget and Finance; Department of Commerce and Consumer Affairs; Department of Business, Economic Development, and Tourism; Energy Programs Consortium; Sonoma County Water Agency; Pacific International Space Center for Exploration Systems; and one individual.

Your Committees find that the proposed S.D. 2 represents a more measured approach to funding clean economy projects than establishing a new entity for clean economy projects. However, your Committees understand that there are concerns regarding allowing the State and the Department of Budget and Finance to pool qualified energy conservation bond allocations from other jurisdictions. The State has been informed that pooling of qualified energy conservation bonds may not be permitted by federal statutes. The Department of Budget and Finance is currently seeking a written opinion from the United States Department of the Treasury that will clarify whether such pooling capabilities are allowable under federal codes. Your Committees conclude that, pending advice from the Department of the Treasury, amendments to the proposed S.D. 2 are necessary.

Your Committees further find that the clean economy projects in the proposed S.D. 2 may include confidential technology or information that, if released to the general public, may give an unfair advantage to other emerging technology companies. Your Committees conclude that further amendments to the proposed S.D. 2 are necessary to protect any proprietary information that may be received by a clean economy project entity or company.

Accordingly, your Committees have amended this measure by adopting the proposed S.D. 2 and further amending the measure by:

- (1) Deleting the provision that would have permitted the Department of Budget and Finance to enter into agreements with other bond issuers to pool qualified energy conservation bond allocations;



- (2) Specifying the types of qualified clean economy projects that may be funded by proceeds from the clean energy special account;
- (3) Inserting language that requires employees or contractors employed to support the clean energy special account to have the appropriate knowledge and experience to consider the merits and various technologies used in clean economy projects;
- (4) Inserting language to protect any proprietary information that may be received by the Department of Business, Economic Development, and Tourism from a clean economy project entity or company;
- (5) Requiring the Director of Finance to submit a report to the Legislature no later than twenty days prior to the convening of the Regular Session of 2013 that includes an update on various financing options that support a clean energy initiative and a comparison of existing bond vehicles with other financing mechanisms, rather than requiring the Director of Finance to submit a report listing all executed qualified energy conservation bonds;
- (6) Requiring the Director of Business, Economic Development, and Tourism to include, as part of the Energy Resource Coordinator's annual report to the Legislature, information on activities relating to qualified clean economy projects and their effectiveness, the balance of the clean energy special account, and a summary of clean economy projects funded by legislative appropriation from the special account, rather than requiring a separate report to the Legislature;
- (7) Amending the purpose section to reflect the amended purpose of this measure; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

The Senate believes it is very important to have written confirmation from the United States Department of the Treasury before moving forward on this measure. However, the Senate



believes that the subject of qualified energy conservation bonds may be revisited if appropriate information is received from the United States Department of the Treasury in time for consideration by the Committee on Conference for this measure prior to adjourning for the current legislative session.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1033, H.D. 1, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 1033, H.D. 1, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committees on Commerce and  
Consumer Protection and Ways  
and Means,

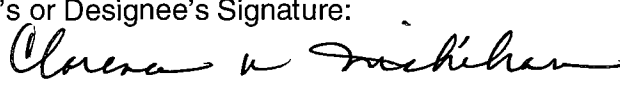
  
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DAVID Y. IGE, Chair

  
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ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

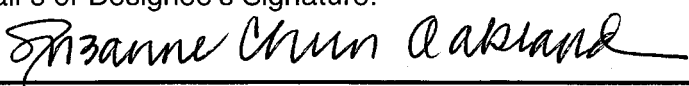
**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB1033 HDI SDI	ENE, CPN/WAM	4-4-12		
<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
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)				✓
GALUTERIA, Brickwood				✓
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
SLOM, Sam			✓	
<b>TOTAL</b>	43 <sup>ca</sup>		1	2
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

The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

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<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
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.				✓
ENGLISH, J. Kalani				✓
ESPERO, Will	✓			
FUKUNAGA, Carol	✓			
KIM, Donna Mercado				✓
KAHELE, Gilbert	✓			
KOUCHI, Ronald D.	✓			
RYAN, Pohai	✓			
TOKUDA, Jill N.				✓
WAKAI, Glenn	✓			
SLOM, Sam			✓	
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>1</b>	<b>5</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

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