

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1033, PROPOSED H.D. 1

February 29, 2012

RELATING TO THE PUBLIC FINANCE

House Bill No. 1033, Proposed H.D. 1, establishes the Clean Economy Bank of the State of Hawaii (the "Bank") to provide financing support and risk management for qualifying clean economy projects to aid in development of Hawaii's clean energy economy and to lessen the State's dependence on imported energy.

The Department of Budget and Finance opposes this bill. The Administration understands the importance of supporting development of a clean energy economy and the reduction of the State's dependence on imported energy. However, given the State's current financial condition, the bill would over-extend the State's financial resources in such a way that it could have a detrimental effect on the State's credit rating. The bill establishes a "Hawaii First Fund" (the "Fund") within the bank and requires the Department to deposit into the Fund moneys from the general fund in an amount that the Department determines is necessary to allow the Bank to fulfill its duties to the State. The Department opposes the use of general funds to finance initial cost of this entity and potential recurring costs of this endeavor. We believe that these purposes may be achieved through other programs that do not put state funds at risk. Furthermore, given the current financial condition, allocating funds for this measure would require reductions to other on-going programs with the State.

The bill also requires deposits in the Bank to be guaranteed by the State. Please note that the State's ability to issue general obligation bonds may be impacted as the amounts guaranteed for the Bank will count against the State's Debt Limit. Furthermore, Article VII, Section 13 of the State's Constitution requires the establishment and maintenance of a reasonable reserve based on the amount to be guaranteed. As the amount is currently unknown, the Department is unable to determine the impact on the State's Debt Limit and ability to issue general obligation bonds in the future.

Thank you for the opportunity to provide testimony on this measure.



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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KEALI'I S. LOPEZ
DIRECTOR

TO THE HOUSE COMMITTEE ON
FINANCE

THE TWENTY-SIXTH STATE LEGISLATURE
REGULAR SESSION OF 2012

Wednesday, February 29, 2012
11:30 a.m.

TESTIMONY ON H.B. 1033, Proposed H.D. 1
RELATING TO PUBLIC FINANCE

TO THE HONORABLE MARCUS OSHIRO, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Iris Ikeda Catalani, Commissioner of Financial Institutions ("Commissioner"). I appreciate the opportunity to provide comments on behalf of the Department of Commerce and Consumer Affairs ("Department") on H.B. 1033, Proposed H.D. 1, relating to the proposed Clean Economy Bank of the State of Hawaii (the "Bank").

To briefly summarize, H.B. 1033, Proposed H.D. 1 creates a Bank for the following purposes: provide financing support and risk management for qualifying clean economy projects to aid in development of Hawaii's clean energy economy and to

lessen the State's dependence on imported energy. A major initiative of the Bank is to fund clean economy projects.

The Department supports the idea of a clean economy as it is one of the components in Governor Abercrombie's New Day Initiatives. The establishment of a Bank seems to be based on Connecticut's newly constituted Clean Energy Finance and Investment Authority (CEFIA). This entity is not a bank, but an Investment authority, using existing staff from several state departments. The new entity will function like an investment fund that can leverage its capital to provide low-cost financing to clean projects that a commercial bank wouldn't likely touch. To this end, the investment authority will be funded by a surcharge on residential and commercial electricity bills, which was previously paid into the state's existing Clean Energy Fund, amounting to \$30 million a year. CEFIA will also administer the \$18 million Green Loan Guaranty Fund. The total \$50 million investment by the investment authority will enable Connecticut to leverage limited state resources with much larger amounts of private capital—and in this way will catalyze a self-sustaining flow of low-cost capital for innovative clean energy deployment projects.

Although the Department sees merit in this proposal, it would like to respectfully note the possible issues related to 1) the composition of the board, 2) the timing and nature of the bank's examinations and 3) how this bill differs from the Clean Energy Finance and Investment Authority.

To that end, the Department suggests that the bill be clarified to provide for an experienced bank management team that can appropriately achieve the goals of the bank and meet state and federal regulatory requirements, reduce the frequency of examinations to levels comparable to other state chartered institutions, and provide guidance as to the how funding would occur.

For example, the CEFIA had a funding source (transferred the funding from the state's Clean Energy Fund to the CEFIA) and also had a \$50 million investment by the Loan Guaranty Fund. The CEFIA is also a quasi-governmental agency as it folded the State's Department of Energy and Environmental Protection, the Department of Economic and Community Development and Planning for Connecticut's Energy Future to align the State's energy goals with its economic development mission. Staffs from all agencies are members of the Board or advisory boards of the CEFIA.

Thank you for the opportunity to provide these comments on House Bill No. 1033, Proposed H.D. 1. I will be available to respond to any questions.



JULES KOPEL BAILEY
STATE REPRESENTATIVE
DISTRICT 42

HOUSE OF REPRESENTATIVES

February 28, 2012

Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
House Committee on Finance
415 South Beretania Street
Honolulu, HI 96813
HEARING: Wednesday, February 29, 2012 in conference room 308

Re: In support of House Bill 1033 relating to the Clean Economy Bank

Dear Chair Oshiro, Vice-Chair Lee and members of the Committee,

I'm writing to encourage passage of House Bill 1033 and the creation of a Hawaii clean economy bank.

Since 2009, the State of Oregon has taken concrete steps to direct leveraged public and private investments into clean energy projects, including through loans. Moreover, we are currently considering proposals around the creation of a state bank, an Oregon Investment Act, and an expanding clean energy fund. As we look at ways to combine our efforts, I applaud the State of Hawaii for considering a Clean Economy Bank.

Why would a legislator from Oregon care about a Hawaii bill, especially when it might create competition? In actuality, more investment in clean energy means lower costs across the nation in this sector, a bigger, more robust industry, and critical progress on climate change. The more states that act, the more we win for good-paying, American jobs.

We must continually challenge each other to do better. Furthermore, I hope that after you pass this bill, we can discuss how our two states might collaborate further on shared wins, such as on wave energy.

Sincerely,

Rep Jules Bailey, HD-42
Co-chair, House Energy Environment and Water Committee



OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII
NO. 1 CAPITOL DISTRICT BUILDING
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TELEPHONE: 808-586-1400 FAX: 808-586-1412
EMAIL: oip@hawaii.gov

To: House Committee on Finance

From: Cheryl Kakazu Park, Director

Date: February 29, 2012, 11:30 a.m.
State Capitol, Conference Room 308

Re: Testimony on H.B. No. 1033, Proposed H.D. 1
Relating to Public Finance

Thank you for the opportunity to submit testimony on this bill. The Office of Information Practices ("OIP") takes no position on the purpose and substance of this bill, but recommends an amendment to the bill's proposed confidentiality provision for certain state bank records.

OIP administers and interprets the State's public records law, the Uniform Information Practices Act (Modified), chapter 92F, HRS (UIPA). The UIPA requires that all government records are available for public inspection and copying, but provides exceptions to this public disclosure mandate. One exception is for government records that are protected from disclosure "pursuant to state or federal law." HRS section 92F-13(4) (1993).

This bill proposes a new HRS subsection -18(a) that would create a new state law making certain bank records confidential, including "(2) Internal or interagency memoranda or letters that would not be available by law to a party other than in litigation with the bank." OIP finds this specific description of records to be confusing and difficult to interpret for purposes of determining whether such records would be exempt from public disclosure under the UIPA's exception for

records protected pursuant to state law. The wording of this particular confidentiality provision is confusing because it is not clear which of these purposes it is actually intended to achieve: (1) simply make confidential any memoranda or letters that fall within an exception to disclosure under the UIPA, HRS chapter 92F, and, thus, are already not required by law to be made available; (2) make confidential only memoranda or letters for which an existing law specifically makes the records unavailable "to a party other than in litigation with the bank;" or (3) make memoranda and letters confidential to the same extent as similar private bank records. Therefore, OIP recommends that your Committee amend this bill by specifying in paragraph (2) which of these purposes, or any other, is to be effectuated with regards to protecting internal or interagency memoranda or letters.

Alternatively, OIP recommends that your Committee simply delete this paragraph (2) from the new confidentiality section -12 proposed in this bill. Rather than create an ambiguity in the law, paragraph (2) can be deleted because it only proposes to protect internal and interagency records that "would not be available by law" and the UIPA already contains exceptions that may protect such records from disclosure. For example, OIP has concluded in its advisory opinions that the UIPA's "frustration of a legitimate government function" exception (HRS Sec. 92F-13(3)) applies to internal and interagency memoranda when these records fall within the "deliberative process privilege." Another exception already recognized under the UIPA is for government records that are protected from disclosure when so ordered by a state or federal court. HRS Sec. 92F-13 (4). A third UIPA exception that could apply to internal and interagency memorandum is for government records pertaining to the prosecution or defense of any judicial or quasi-judicial action to which the state or any county is or may be a party, to the extent that such records would not be discoverable. HRS Sec. 92F-13(2). Because of these

House Committee on Finance
February 29, 2012
Page 3 of 3

existing exceptions in the UIPA, the proposed new confidentiality provision may be unduly confusing and unnecessary.

Thank you for considering OIP's testimony and suggested amendment.



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**TESTIMONY IN SUPPORT OF PROPOSED HB1033 HD1
CREATING A "CLEAN ECONOMY BANK"**

Finance Committee Hearing: February 29th, 2012 – 10:30 a.m. Conference Room 308

I am writing in support of HB 1033, which creates a Clean Economy Bank. My understanding is that this will serve as a last chance mechanism to attract and put to work in Hawaii \$2.6 billion in ARRA funds, which would otherwise disappear at the end of the Federal fiscal year. I understand that it would both be Hawaii focused and national in scope, and so position Hawaii as center for clean tech financing for "appropriate scale" community-based projects. I think this could be a real boost to our economy creating jobs, and more importantly help to develop entrepreneurial and "post-Wall Street paradigm" community-based financing skill and capacity.

Prior Efforts - In the early '90's I was part of an effort with the Maui Economic Development Board (MEDB) to create an "appropriate technology fund" patterned on work done by the National Development Council (<http://NationalDevelopmentCouncil.org>), pioneers in community development and finance training. We were making great progress and were offered the pro bono services of leading Silicon Valley law firm Fenwick & West to implement the program, when we were instructed by a supervising State agency to stop since there was a parallel effort taking place in Oahu. This parallel effort never materialized.

Make it Easier for Appropriate Scale Ventures - I have worked with many clean tech clients over the years, including Pacific Biodiesel which the Hawaii Venture Capital Association has twice recognized with its "Deal of the Year" award. For companies whose business models focus on "community-based", "appropriate scale" projects, raising money has never been easy. Pacific Biodiesel, over 17 years has constructed 15 biodiesel facilities across the nation using its designs. Each time, it has had to "reinvent the wheel" in terms of financing since traditional banks had no experience with this kind of project. Hopefully a Clean Economy Bank will develop domain expertise and be able to simplify and speed up the process of financing and deploying clean technology in an appropriate scale in our communities.

Feasibility & Timeliness – The governance and other design provisions in the bill with its board of directors and advisory board impress me. I believe that we could create the business plan for this entity quickly, if we worked with an experienced national finance program design and training group like the National Development Council.

I strongly support this bill and would be happy to help with such an effort providing the "in the field" perspective.

Aloha

David B. Fisher
Principal

Applied Solutions

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February 27, 2012

The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair
House Committee on Finance
415 South Beretania Street
Honolulu, HI 96813

BOARD OF DIRECTORS

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DR. MARGARET TAYLOR
Lawrence Berkeley
National Lab, CA

In support of House Bill 1033 relating to the Clean Economy Bank

Dear Chair Oshiro, Vice Chair Lee, and Members of the Committee:

On behalf of Applied Solutions, I am writing in support of House Bill 1033 and the creation of our nation's first clean economy bank. Founded by local elected officials in 2008, Applied Solutions was created to help local governments design, fund, and implement clean energy projects. Today, Applied Solutions represents nearly 100 county and municipal governments.

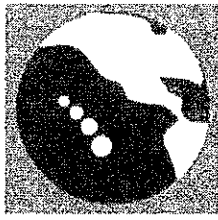
The clean economy bank outlined in H.B. 1033 contains a signature innovation. It would allow other states and their municipalities to "opt-in" to Hawaii's clean economy bank. This would, in effect, create the very first national clean economy bank for state and local governments. The combined resources of the participating governments will spur local investment and open new markets to clean energy industries. This will save energy, reduce carbon emissions, and make the United States more competitive in the global economy.

Applied Solutions applauds Hawaii's leadership. We look forward to working with you in the days and years ahead.

Sincerely,



Michelle Wyman
Executive Director



**PACIFIC
BIODIESEL**

Pacific Biodiesel, Inc.

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February 28, 2012

Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
COMMITTEE ON FINANCE

HEARING: Wednesday, February 29, 2012, Conference room 308

Re: In support of House Bill 1033 relating to the Clean Economy Bank

Dear Chair Oshiro, Vice-Chair Lee and members of the Committee,

Pacific Biodiesel wholeheartedly supports House Bill 1033, creating our nation's first clean economy bank in the State of Hawaii.

HB1033 represents an incredible opportunity for Hawaii to become a true leader in clean energy beyond even our own goals. Federal officials and a core group of national stakeholders are currently working to accelerate the deployment of \$2.6 billion dollars in unused ARRA funding that was allocated to states and municipalities in the form of QECBs. A significant portion of the remaining QECB allocations (in excess of \$1B) were allocated to municipalities in amounts too small for those municipalities to effectively benefit from the low interest rates. Hawaii's Clean Economy Bank can aggregate and jointly issue these bonds on behalf of participating municipalities, thereby helping to position Hawaii as a core financial center of the emerging clean energy economy.

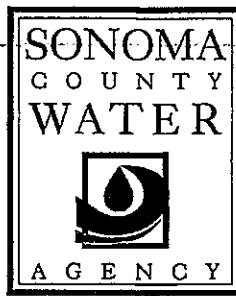
As a home-grown company that has extended its reach across the mainland U.S.A., Pacific Biodiesel has been receiving much attention for our sustainable business model and can attest to the advantages and ability of Hawaii to undertake the ambitious Clean Economy Bank. Our experience operating from perhaps the most remote of the fifty states has at times been challenging, but also rewarding. In fact, our remote location may be the biggest factor in our ability to remain mission-driven while still focusing on getting the job done and realizing economic success. Far away from the pressures of corporate lobbyists and Wall Street influences, we have been able to concentrate on growing a profitable green company that is involved nationwide with such organizations as the Sustainable Biodiesel Alliance, ASTM International, U.S. Army Corps of Engineers, U.S. EPA and many others, including various research and higher learning institutes.

We believe that Hawaii is the ideal place to begin the Clean Economy Bank model and keep it on track. Please pass HB1033.

Sincerely,

A handwritten signature in cursive script that reads "Kelly T. King".

Kelly King, Vice President



CF/0-0-26 Federal Legislation

February 27, 2012

Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
House Committee on Finance
415 South Beretania Street
Honolulu, HI 96813

HEARING: Wednesday, February 29, 2012 in conference room 308

RE: In support of House Bill 1033 relating to the Clean Economy Bank

Dear Chair Oshiro, Vice-Chair Lee and members of the Committee:

I write to support House Bill 1033 and the creation of the nation's first clean economy bank.

Investors, business leaders and local government officials agree that in order to accelerate the deployment of new technologies, replicate successful financing models across the country and attract greater investment from the private sector, the United States needs a clean economy bank. Efforts at the federal level to create a national clean economy bank have not yet been successful, but the need for such a bank remains paramount.

The clean economy bank outlined in HB 1033 contains a signature innovation. It would allow other states and municipalities to "opt-in," effectively creating a first-of-its-kind, national clean economy bank for all the state and local governments that choose to participate. The aligned resources of the participating governments will spur investment and open new markets to the industries that will save energy, reduce carbon emissions and make the United States more competitive in the global economy.

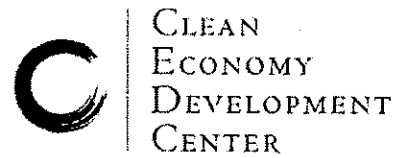
We applaud Hawaii's leadership and look forward to working with you in the days and years ahead.

Sincerely,

A handwritten signature in black ink, appearing to read "Grant Davis", is written over a large, stylized, illegible scribble.

Grant Davis
General Manager
Sonoma County Water Agency

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February 28, 2012

The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair
House Committee on Finance
State Capitol Building of Hawaii
415 South Beretania Street
Honolulu, HI 96813

HEARING: Wednesday, February 29, 2012 in conference room 308

Re: In support of House Bill 1033

Dear Chair Oshiro, Vice Chair Lee and Members of the Committee,

The State of Hawaii must be extraordinarily proud for having produced some of the greatest leaders our country has in Washington. In recent years, President Obama and Congresswoman Hirono, in particular, have been peerless in their support for clean economy initiatives that drive investment, protect our environment and put Americans back to work.

Yet as we all know, even with Hawaii's great leadership in Washington, partisan gridlock has ground the federal government nearly to a halt. And on issues as crucial to our nation's vitality as energy and the economy, we simply cannot afford to wait for Washington politics to catch up with the pressing needs of business leaders and local governments all across the country.

I write today in support of House Bill 1033 because business leaders and local governments—in Hawaii and all across the country—urgently need a new partner, a clean economy bank; and they are not going to get it from Washington. In the absence of federal action, we need Hawaii, a state with strong leaders committed to clean energy and the environment, to step forward and establish a clean economy bank that will work alongside commercial banks to co-invest in businesses, technologies and projects that help us improve the way we use energy, water and waste.

The hearing today on House Bill 1033 is a crucial step toward the creation of an essential new partner for business leaders and local governments. I applaud your leadership and look forward to supporting your ongoing efforts in any way I can.

Sincerely,

A handwritten signature in black ink, appearing to read 'Colin Bishopp'.

Colin Bishopp
Senior Advisor



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Presentation to the Committee on Finance
Wednesday, February 29, 2012 at 11:30 a.m.
Testimony on HB 1033, HD1 Relating to Public Finance

In Opposition

TO: Honorable Marcus R. Oshiro, Chair
Honorable Marilyn B. Lee, Vice Chair
Members of the Committee

My name is Gary Y. Fujitani, Executive Director of the Hawaii Bankers Association (HBA), testifying in opposition to HB 1033, HD1. HBA is the trade association representing FDIC insured depository institutions operating branches in Hawaii.

HB 1033, HD1 establishes 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 to lessen the State's dependence on imported energy.

While the intent of this bill is laudable, this bill proposes to establish a State Bank without first conducting a comprehensive feasibility study. Forming a state-owned bank is a complex and potentially costly process and deserves thorough analysis to determine whether there is truly a legitimate unfulfilled need. Legislators must ask if it can be accomplished without risking the public's money and if it can be operated in a safe and sound manner.

We are not aware of any detailed business plan that addresses any of these issues or that speaks to the future success of such a bank. This should be especially important considering the state's fragile economic climate and the state's lack of prior experience in operating a for-profit business, especially a bank. **Without proper vetting and consideration, the state could be burdened with more costly bureaucracy, not to mention the cost to set up the initial banking infrastructure.**

With this in mind, HBA has a number of concerns:

- **Start Up Time and Diversion of Funds:** It could easily take a couple years before the State Bank is operational, thus paying for all costs during the startup and diverting unknown amounts of taxpayer funds for a speculative venture. This will divert funds away from cash-short programs that benefit the public at large. This is asking for use of taxpayer funds to pursue a business idea without concrete justification.
- **Unknown Funding Source:** What is the source of funding to start the bank and carry the bank until it makes a profit, if ever.
- **State Liability:** The State would incur liability to guarantee the public deposits. This could impact the State's bond rating and potentially lower the State Bond rating as a guarantor of the State Bank public deposits.
- **Policy Conflict:** There could also be a potential public policy conflict of the Bank's mission of doing social good instead running a sound bank for profit. The potential exists for politics to influence lending policies that lead to lower quality loans with increased likelihood of nonpayment.

- **Tying Up Public Funds:** Public deposits are intended to pay for current operating expenses. Turning them into loans that would be repaid over a number of years will impact the availability of these funds to pay for current operating expenses. It is critical to the well-being of any bank to match assets and liabilities. It is a fundamental error to match short-term assets (operating income) with long-term liabilities (30-year mortgages). Unlike a bank that has short term and long-term assets as well as short term and long term borrowing sources, a State Bank will only have short-term assets and thus buying long-term assets would not be in the best interest of the State.
- **Unfair Competition:** There is the **potential** for unfair competition from a State Bank over Hawaii banks since it would enjoy a Hawaii tax-free status and not have to comply with costly and burdensome federal regulations.

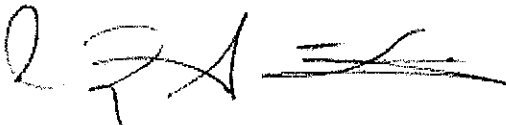
HBA suggests that there may be alternative ways to address these matters:

- **Existing Loan Programs:** If legislators desire to quickly address niche needs like clean energy lending, then a quicker solution exists. The Legislature can use existing loan programs and government agencies as a faster and more effective way to meet gaps in capital markets than establishing an entirely new organization.
- **Control State Loss:** Using existing state programs and agencies will control losses by minimizing startup expenses, cap the dollar amount of potential losses by funding a pre-determined amount to the loan fund and using existing state resources instead of creating an unnecessary bureaucracy.

Recommendation

It is recommended that an in depth analysis of the feasibility of such a high risk and potentially costly venture be done before considering creating a State Owned Bank. Therefore, HB 1840, that proposes to create a Task Force to study the feasibility of creating a State Owned Bank, is a more prudent and responsible action to undertake before risking public funds without proper justification.

Thank you for this opportunity to testify.



Gary Fujitani
Executive Director



46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Founder/Legislative Director

**TESTIMONY ON HOUSE BILL 1033, HOUSE DRAFT 1, RELATING TO PUBLIC
FINANCE**

**House Committee on Finance
Hon. Marcus R. Oshiro, Chair
Hon. Marilyn B. Lee, Vice Chair**

**Wednesday, February 29, 2012, 11:30 AM
State Capitol, Conference Room 308**

Honorable Chair Oshiro and committee members:

I am Kris Coffield, representing the IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 150 local members. On behalf of our members, we offer this testimony in strong support of, with proposed amendments for HB 1033, HD 1, which establishes the Clean Economy Bank of the State of Hawaii to provide financial support and risk management for qualifying clean economy projects, thereby developing Hawaii's clean energy economy and lessening the state's dependence on imported energy.

Like its federal counterpart, the point of the Clean Economy Bank of the State of Hawaii, or "green bank," would be to provide more favorable terms—including lower interest rates and debt costs—to innovative clean energy companies seeking to offset the high cost of financing clean energy projects through the private sector. This type of financing system will incentivize clean energy initiatives, while hastening the production and availability of renewable energy products on a large scale by making such technology more competitive with regard to skyrocketing electricity prices. Moreover, a green bank will help control escalating consumer prices by facilitating collaborative partnerships with private business entities, providing capital investment and financial security that is crucial to the long-term success of Hawaii's clean-energy sector.

As noted in analysis conducted by the Center for American Progress, green banks account for and address the impact of the ongoing credit crunch on the clean energy industry, job losses resulting from a constriction of clean energy manufacturing and construction, the lack of scalable and standardized finance models for existing energy-efficient technologies, risk resulting from fluctuating fuel prices, and the need for predictable financing structures for green projects. At the federal level, the Coalition for a Green Bank estimates that \$50 billion of initial capital could support \$500 billion in loans over 20 years, which, when matched with equity investments, could

spur \$1 trillion in clean-energy investments. Imagine, then, what a mere portion of that amount could subsidize at the local level, particularly in a state seen as a national leader in clean-energy research, technology, and standards.

By taking a portfolio-based approach to green energy investment, a green bank would be able to promote a wide variety of projects and ideas, both nascent and established, in turn minimizing the risk of investing too heavily in any single technology. Additionally, the bank's structural independence would maximize flexibility in financing decisions and ensure that funds are competitively extended to projects that provide the fastest, cheapest, and cleanest reduction in greenhouse gas emissions and fossil fuel usage. As you well know, such projects have difficulty accessing adequate debt financing and credit enhancement in today's sluggish economy, particularly with the collapse of once vaunted green enterprises like Solyndra and the increasingly anti-competitive business practices of the Chinese renewable energy industry.

That said, we urge your committee to amend this bill by tasking the board of the Clean Economy Bank of the State of Hawaii, in conjunction with its advisory board of directors and clean economy practitioners advisory board, with composing and distributing a comprehensive clean energy financing plan for the state. Language to facilitate this amendment could read as follows: On or before July 1, 2013, and every four years thereafter, the Board of the Clean Economy Bank of the State of Hawaii, in consultation with the Department of Land and Natural Resources and Office of Environmental Quality Control, shall prepare a Comprehensive Clean Energy Financing Plan. Such plan shall reflect the legislative findings and policy stated in HRS Section , as established by this act, and shall incorporate:

- (1) an assessment of current energy supplies, demand, and costs;
- (2) identification and evaluation of the factors likely to affect future energy supplies, demand, and costs;
- (3) a statement of energy policies and long-range energy planning objectives and strategies appropriate to achieve, among other things, a sound economy, the least-cost mix of energy supply sources and measures that reduce demand for non-renewable energy, giving due regard to such factors as consumer price impacts, security and diversity of fuel supplies and clean energy generating methods, protection of public health and safety, environmental goals and standards, conservation of energy and energy resources, and the ability of the state to compete economically;
- (4) a statement of progress made toward achieving the goals and milestones set in the Comprehensive Clean Energy Financing Plan;
- (5) the benefits, costs, obstacles, and solutions related to the expansion, use, and availability of clean energy in Hawaii; and

(6) recommendations for administrative and legislative actions to increase access to loans and other financing mechanisms for expansion of clean energy in Hawaii.

On July 1, 2011, Gov. Daniel Malloy signed legislation making Connecticut the first state in the nation to create a green bank, inaugurating a comprehensive reorganization of his state's energy infrastructure. At a time when gas prices are projected to hit \$5 per gallon in the near future, it is advantageous for Hawaii to follow suit. Mahalo for the opportunity to testify in support of this bill.

Sincerely,
Kris Coffield
Legislative Director
IMUAlliance



February 28, 2012

TO THE HOUSE COMMITTEE ON FINANCE ON HOUSE BILL NO.1033

RELATING TO PUBLIC FINANCE

Hearing:

Wednesday, February 29, 2012

11:30AM

Conference Room 308

State Capitol

TESTIMONY IN STRONG SUPPORT OF HB1033

Aloha Chair Oshiro, Vice Chair Lee and Finance Committee Members;

My name is Michael Snyder and I am the Founder and President of Hawaii's first organized Sustainable Business Corporation. We are a new Renewable Energy Services Company which will as part of our business model will be renting Electric Vehicles, generating, storing and distributing RE, creating an EV charging network as well as performing Transportation and RE Research and Development in these emerging industries with partners such as General Motors/OnStar, Ford and General Electric. Our company is a member of the Maui EV Alliance which was named one of the top 5 EV initiatives in 2011, and will be working with the Japanese led Maui Smart Grid Project. Respectfully we submit this testimony as a statement of our support for HB1033.

We believe that in this ever increasing competitive global economy that it is imperative for Government, Financial and Education Institutions, Businesses, Labor and Individuals to work together to achieve Hawaii's HCEI commitment to have 70% clean energy generation and efficiency by 2030. If Hawai'i is going to meet its' goals and challenges of having a more sustainable environment and diversified economy, and improve its' business climate, spur innovation and create good jobs we believe that it is critical to enact legislation such as HB1033 to provide funding and financing opportunities through the Hawai'i Clean Energy Bank!

HEVN supports the purposes of the Clean Economy Bank of the State of Hawai'i, including:

- (1) Enabling the State, along with other participating states, territories, and municipalities to leverage aligned resources and collective influence to build a national clean economy that creates jobs, reduces carbon emissions, and ensures our nation's energy security;
- (2) Supporting clean economic development within the State and within participating states, territories, and municipalities, by increasing access to capital for local governments, businesses, and non-profits in partnership with local financial institutions;
- (3) Lessening the burden on the State and other participating states, territories, and municipalities of financing qualified renewable energy, renewable energy transmission, energy efficiency, distributed generation, and oil-saving projects and technologies; zero or low-carbon transportation; clean energy manufacturing; municipal water efficiency; municipal waste efficiency; job training for energy efficiency projects; and for other related purposes;

We are particularly supportive of financing low carbon transportation.

As an Aeronautical and Aerospace Engineer, and having worked in the Defense, Telecommunications, and Information Technology industries for over 35 years, I know the importance and critical role that technology plays in keeping the United States at the forefront. If Hawai'i truly wants to be a leader in Renewable Energy and diversify its' economy and improve our sustainability, please pass HB1033 to promote and accelerate the incubation, innovation, development, funding and deployment of RE technologies and systems. As a State with some of the highest electricity and gasoline prices in the country, but also a State with an abundant supply of clean, green renewable energy resources (solar, wind, wave, geothermal, biomass, biofuels, OTEC etc.) Hawai'i is an ideal test bed for the nation and world to be a leader in Renewable Energy.

This legislation provides us with an opportunity to lead by example and highlight our States' commitment to develop new avenues for business growth and its' dedication to doing what's right for its' 'aina and people. It is our responsibility to prepare the foundation, offer opportunities and provide our keiki with the tools required so that they can succeed and lead us through the 21st century. Working together anything is possible!!

Mahalo Mr. Chair, Madam Vice Chair and Finance Committee Members for your thoughtful consideration. I look forward to testifying in person before your Committee tomorrow.

Very respectfully,

A handwritten signature in black ink that reads "Michael Snyder". The signature is written in a cursive, flowing style.

Michael Snyder
Founder and President
Hawaiian Electric Vehicle Network
a Sustainable Business Corporation

February 28, 2012

TESTIMONY BY Brian J Konyk, President, Energy Won LLC,

TO THE HOUSE COMMITTEE ON FINANCE ON HOUSE BILL NO.1033

RELATING TO PUBLIC FINANCE

Aloha Chair Oshiro, Vice Chair Lee and Finance Committee Members;

I STRONGLY support HB 1033 HD1 which establishes the Clean Economy Bank of the State of Hawai'i to provide financing support and risk management for qualifying clean economy projects to aid in development of Hawaii's clean energy economy and to lessen the State's dependence on imported energy.

I support the purposes of the Clean Economy Bank of the State of Hawaii, including:

(1) Enabling the State, along with other participating states, territories, and municipalities to leverage aligned resources and collective influence to build a national clean economy that creates jobs, reduces carbon emissions, and ensures our nation's energy security;

(2) Supporting clean economic development within the State and within participating states, territories, and municipalities, by increasing access to capital for local governments, businesses, and non-profits in partnership with local financial institutions;

(3) Lessening the burden on the State and other participating states, territories, and municipalities of financing qualified renewable energy, renewable energy transmission, energy efficiency, distributed generation, and oil-saving projects and technologies; zero- or low-carbon transportation; clean energy manufacturing; municipal water efficiency; municipal waste efficiency; job training for energy efficiency projects; and for other related purposes;

I am particularly supportive of financing low carbon transportation.

Thank you for the opportunity to provide testimony on this bill.

Respectfully submitted,

Brian J Konyk, President, Energy Won LLC

February 28, 2012

TESTIMONY BY Lance Holter

TO THE HOUSE COMMITTEE ON FINANCE ON HOUSE BILL NO.1033

RELATING TO PUBLIC FINANCE

Aloha Chair Oshiro, Vice Chair Lee and Finance Committee Members;

I STRONGLY support HB 1033 HD1 which establishes the Clean Economy Bank of the State of Hawai'i to provide financing support and risk management for qualifying clean economy projects to aid in development of Hawaii's clean energy economy and to lessen the State's dependence on imported energy.

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(1) Enabling the State, along with other participating states, territories, and municipalities to leverage aligned resources and collective influence to build a national clean economy that creates jobs, reduces carbon emissions, and ensures our nation's energy security;

(2) Supporting clean economic development within the State and within participating states, territories, and municipalities, by increasing access to capital for local governments, businesses, and non-profits in partnership with local financial institutions;

(3) Lessening the burden on the State and other participating states, territories, and municipalities of financing qualified renewable energy, renewable energy transmission, energy efficiency, distributed generation, and oil-saving projects and technologies; zero- or low-carbon transportation; clean energy manufacturing; municipal water efficiency; municipal waste efficiency; job training for energy efficiency projects; and for other related purposes;

I am particularly supportive of financing low carbon transportation.

Thank you for the opportunity to provide testimony on this bill.

Respectfully submitted,

**Lance Holter
PO Box 790656
Paia, HI 96779
Tele 808-579-9442**

February 28, 2012

TESTIMONY BY **Darryl Barber, MAUI EVA UHMC Student Assistant**

TO THE HOUSE COMMITTEE ON FINANCE ON HOUSE BILL NO.1033

RELATING TO PUBLIC FINANCE

Aloha Chair Oshiro, Vice Chair Lee and Finance Committee Members;

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(3) Lessening the burden on the State and other participating states, territories, and municipalities of financing qualified renewable energy, renewable energy transmission, energy efficiency, distributed generation, and oil-saving projects and technologies; zero- or low-carbon transportation; clean energy manufacturing; municipal water efficiency; municipal waste efficiency; job training for energy efficiency projects; and for other related purposes;

I am particularly supportive of financing low carbon transportation.

Thank you for the opportunity to provide testimony on this bill.

Respectfully submitted,

Darryl Barber, MAUI EVA UHMC Student Assistant

Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
HOUSE COMMITTEE ON FINANCE

HEARING: Wednesday, February 29, 2012 at 11:30am in conference room 308

Supporting House Bill 1033 relating to the Clean Economy Bank

Chair Oshiro, Vice Chair Lee and members of the committee,

I am supportive of all four bills on Agenda #2 today. I commend this committee for its entrepreneurial efforts and thank you for the opportunity to explain my support in person.

Mahalo,
Ian Chan Hodges
Haiku, Hawaii

PROPOSED AMENDMENT TO HB #1033 H.D. 1 PROPOSED

DATE: Wednesday, February 29, 2012

TIME: 11:30 A.M.

PLACE: Conference Room 308

State Capitol

415 South Beretania Street

HAWAII STATE HOUSE OF REPRESENTATIVES

COMMITTEE ON FINANCE

Rep. Marcus R. Oshiro, Chair

Rep. Marilyn B. Lee, Vice Chair

Please change the following:

-4 (b) (5) One member shall be appointed by the president of the Change to Win Federation

To

One member shall be appointed by the Governor from each County in Hawaii from a nonprofit organization with a demonstrated track record in the economic development of clean, renewable energy and agricultural resources in their perspective counties.

Sincerely and Strongly Submitted.

Linda Ruth Puppolo

PO Box 218, Puunene, HI 96784 808-283-8390 lrwerner@hotmail.com

FINTestimony

From: mailinglist@capitol.hawaii.gov
sent: Tuesday, February 28, 2012 2:43 PM
To: FINTestimony
Cc: joelkatz@hawaii.edu
Subject: Testimony for HB1033 on 2/29/2012 11:30:00 AM

Testimony for FIN 2/29/2012 11:30:00 AM HB1033

Conference room: 308
Testifier position: Support
Testifier will be present: No
Submitted by: Joel
Organization: U of H
E-mail: joelkatz@hawaii.edu
Submitted on: 2/28/2012

Comments: