

Honolulu, Hawaii

FEB 09 , 2022

RE: H.B. No. 2088
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 2088 entitled:

"A BILL FOR AN ACT RELATING TO FINANCING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Create the Environmental and Economic Development Revolving Loan Fund under the administration of the Hawaii Green Infrastructure Authority;
- (2) Allow property owners and Hawaiian home lands lessees to finance qualifying improvements, such as cesspool upgrades, conversions, or connections; clean energy improvements; and resiliency measures, through a non-ad valorem property assessment; and
- (3) Appropriate funds to provide loans or other financial assistance to eligible property owners and for other allowable purposes, including implementation costs.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Department of Hawaiian Home Lands; Hawaii Green Infrastructure Authority; Hawai'i Reef and Ocean Coalition; WAI:



Wastewater Alternatives & Innovations; Petros PACE Finance; Nuveen Green Capital; C-PACE Alliance; Hawaii Solar Energy Association; and two individuals. Your Committee received comments on this measure from the Department of Budget and Finance, Department of the Attorney General, and Tax Foundation of Hawaii.

Your Committee finds that it is critical to invest resources to ensure the State's environmental health and minimize property loss and damage due to hurricanes, tropical storms, and other natural disasters. Innovative, non-traditional financing options and repayment mechanisms help bridge financing gaps, attract private capital, and address specific market failures and institutional barriers to help property owners make certain upgrades to improve a property's resiliency. Additionally, this measure will help the State address a number of critical initiatives, including aging cesspools, energy efficiency upgrades, and transitioning to clean energy.

Your Committee has amended this measure by:

- (1) Replacing the term "assessment" with "assessed" when referencing the Property Assessed Financing Program;
- (2) Clarifying the authorization to establish the Property Assessed Financing Program by:
 - (A) Specifying that any county may offer a property assessed financing program within its jurisdiction and contract with the Hawaii Green Infrastructure Authority (Authority) to offer the program; and
 - (B) Specifying the conditions of the program, including the responsibilities of the counties and the Authority's authorization to issue revenue bonds;
- (3) Clarifying and amending requirements for assessed financing assessment contracts relating to:
 - (A) Security for property assessed financing lenders' financing of qualifying improvements; and
 - (B) Recordation of the contracts and notice of the property assessed financing assessment that must be provided in the contracts;



- (4) Specifying determinations that property assessed financing lenders must make before entering into assessed financing assessment contracts for residential and commercial properties;
- (5) Clarifying and adding provisions regarding lienholders of residential and commercial properties, including lien parity and written consent of lienholders before entering into an assessed financing assessment contract;
- (6) Clarifying the responsibilities of the county directors of finance for the Property Assessed Financing Program;
- (7) Clarifying various definitions;
- (8) Changing the effective date to July 1, 2100, to encourage further discussion; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2088, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2088, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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



NICOLE E. LOWEN, Chair



