

## GOVERNOR LINGLE PROPOSES HAWAII CLEAN ENERGY INVESTMENT BONDS

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Governor Linda Lingle announced in her State of the State Address a proposal to empower property owners across the state to help create a green jobs sector through the establishment of a new program called Hawai'i Clean Energy Investment Bonds.

Similar programs, which already exist in 15 states, assist residential and commercial property owners with the upfront costs of installing clean energy systems or energy efficiency upgrades by allowing them to borrow the money from the state and then repay the loans over a period of years via an annual assessment on their real property tax bill.

This program spurs both immediate job creation and economic activity, and moves Hawai'i closer to the goal of 70 percent clean energy by 2030.

The HCEI Bonds program to encourage a green jobs sector is just one of the economic recovery proposals the Lingle-Aiona Administration will be implementing in the months ahead.

**TITLE:** **A BILL FOR AN ACT RELATING TO CLEAN ENERGY BONDS.**

**PURPOSE:** To establish a Hawai'i Clean Energy Investment Bond Program for renewable energy system and energy efficiency improvements on residential and commercial properties.

The initial capital investment required by property owners to install renewable energy systems and energy efficiency improvements on residential and commercial properties is a significant barrier to reaching the State's clean energy targets. As such, employing innovative financing to remove known barriers and stimulate enterprise in the clean energy sector is beneficial to the public.

A Hawai'i Clean Energy Investment bond, also known as a "HCEI" bond, is a bond where the proceeds are lent to commercial and residential property owners to finance small renewable energy systems and efficiency improvements; and owners then repay their loans over a prescribed time period via an annual assessment on their property tax bill. The liability to repay the bond is attached to the property, rather than to the individual, as an assessment on real property. HCEI bonds can be issued by states or local governments, and the proceeds can be typically used to retrofit both commercial and residential properties.

**JUSTIFICATION:** Fifteen other states have already established clean energy bond financing or loan programs and two other states have pending legislation.

Assisting renewable energy projects and investments in Hawai'i can provide jobs, as well as long-term energy, environmental, and economic benefits. Moreover, this measure is compatible with the goals and objectives of the Hawai'i Clean Energy Initiative and is for the benefit of the public. This measure will increase energy security, provide economic diversification, provide increased career opportunities for Hawaii residents, and attract funding and investment into the State.

Impact on the public: Provides an additional financing option to residential and commercial property owners to install renewable energy systems and energy efficiency improvements on their property.

Impact on the department and other agencies: The Department of Business, Economic Development and Tourism will be responsible for implementing and administering the HCEI Bond Program. The Department of Budget and Finance will be responsible for issuing general obligation bonds.

**GENERAL FUND:** None.

**OTHER FUNDS:** Authorizes the issuance of \$50,000,000 in general obligation bonds.

**EFFECTIVE DATE:** Upon approval.