LINDA LINGLE GOVERNOR

JAMES R. AIONA, JR. LT. GOVERNOR



KURT KAWAFUCHI DIRECTOR OF TAXATION

SANDRA L. YAHIRO DEPUTY DIRECTOR

STATE OF HAWAII DEPARTMENT OF TAXATION P.O. BOX 259

HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1510 FAX NO: (808) 587-1560

HOUSE COMMITTEE ON FINANCE TESTIMONY REGARDING SB 1173 SD2 HD2 RELATING TO ENERGY EFFICIENCY

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE:

APRIL 6, 2009

TIME:

3:00PM

ROOM:

308

Among other things, this measure includes a new net income tax credit, the net zero building tax credit.

The Department of Taxation (Department) <u>supports</u> this measure and <u>defers to the</u> <u>Department of Business</u>, <u>Economic Development</u>, <u>and Tourism regarding the effect of this</u> measure on incentivizing alternative energy.

SUPPORT FOR ALTERNATIVE ENERGY—The Department strongly supports the encouragement and implementation of alternative energy systems in Hawaii in order to lessen the State's dependence on alternative energy. As fossil fuel and petroleum prices become more volatile, Hawaii's ability to generate its own energy from home will make the State more secure and less reliant on others. The Department concurs that alternative energy generation is particularly beneficial given Hawaii's relative location to various renewable energy sources (*i.e.*, sunlight).

REVENUE LOSS— Assuming a current effective date, DBEDT estimates the revenue loss for the net zero building tax credit at \$0.45 million in FY10 and \$0.9 million per year for FY11 through FY15. We concur with the DBEDT estimate.



DEPARTMENT OF BUSINESS, **ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE GOVERNOR THEODORE E. LIU DIRECTOR MARK K. ANDERSON DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813 Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804 Web site: www.hawaii.gov/dbedt

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Statement of

THEODORE E. LIU Director

Department of Business, Economic Development, and Tourism before the

HOUSE COMMITTEE

on

FINANCE

Monday, April 6, 2009 3 p.m. State Capitol, Conference Room 308

in consideration of SB1173 SD2, HD2 RELATING TO ENERGY EFFICIENCY.

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

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of SB1173 SD2, HD2, which embodies many of the proposals initiated in an Administrative bill. We support the proposals for energy efficiency portfolio standards, public buildings and benchmarking, energy efficiency consumer information in the sale or lease of real property, tax credits for net-zero energy buildings, and responsibilities for the Public Benefits Fee Administrator.

Energy efficiency is our country's cheapest and most abundant energy resource. A March 2008 ACEEE study examined the costs and benefits of achieving 15% electricity savings and 10% natural gas savings nationwide by 2020 through an Energy Efficiency Standard. This study found that that such savings could be achieved at an average cost of about 3 cents per kWh of electricity saved, which is \(\frac{1}{4}\)-\(\frac{1}{2}\) the cost of power from a new power plant. Over the following

decade, these savings can be at least doubled cost-effectively using current technologies (e.g. 30% electricity savings potential, 20% natural gas savings potential).

We offer the following amendments:

To establish a strong statement regarding the State's policy and target for an Energy Efficiency Portfolio Standard, we recommend an amendment to Section 2, Energy Efficiency Portfolio Standard, to replace subsection "(a)" on page 3, line 21, to read as follows:

- (a) The State shall set an energy efficiency portfolio standard with the goal of off-setting forecasted load growth in the electricity sector from 2009 to 2030. The statewide target shall be 4,300 gigawatt-hours of electricity saved in 2030.
- (b) The public utilities commission shall establish energyefficiency portfolio standards that will maximize cost-effective
 energy-efficiency programs and technologies. For the purposes of
 this paragraph, "cost effective" means that all resources are
 deemed to effectively cover the incremental cost of investment
 within fifteen years, when measured against average electricity
 rates for residential, small commercial, large commercial,
 industrial, and agricultural customers;

Regarding Energy-efficiency consumer information in sale or lease of real property, page 7, lines 10 through12, subsection (b), we recommend deleting subsection (b) which is unnecessary. Subsection (b) directs the Energy Resources Coordinator to develop guidelines for format and content for information required in subsection (a). Since subsection (a) requires utility bills for the most recent three month period and utility bill formats and content are developed by the Public Utility Commission and utilities, subsection (b) is not necessary.

In addition, we request an amendment to create a building energy efficiency revolving loan fund. This fund would be an evergreen source of capital for efficiency expenditures for state and county governments. The National Association of State Energy Officials considers such programs as a Best Practice use of funding, such as funding from the Energy Efficiency and Conservation Block Grants provided via the American Recovery and Reinvestment Act of 2009.

As such, we recommend an amendment to SB1173 SD2, HD2 as follows:

- [§201-] Building energy efficiency revolving loan fund.

 (a) There is established in the state treasury the building energy efficiency revolving loan fund, into which shall be deposited:
- (1) Funds from federal, state, county, private, or other funding sources;
- (2) Moneys received as repayment of loans and interest payments; and
- (3) Any fees collected by the department under this section.
- (b) Moneys in the building energy efficiency cleanup revolving loan fund shall be used to provide low or no interest loans or other authorized financial assistance to eligible public, private, and nonprofit borrowers for making energy efficiency improvements in buildings. Moneys from the fund may be used to cover administrative and legal costs of fund management and management associated with individual loans, to include personnel, services, technical assistance, data

SB1173SD2,HD2 BED 04-06-09 FIN rev.

collection and reporting, materials, equipment, and travel for the purposes of this section.

- (c) The fund shall be administered by the department of business, economic development, and tourism. Appropriations or authorizations from the fund shall be expended by the department.

 The department may contract with other public or private entities for the provision of all or a portion of the services necessary for the administration and implementation of the loan fund program. The department may set fees or charges for fund management and technical site assistance provided under this section. The department may adopt rules pursuant to chapter 91 to carry out the purposes of this section.
- (d) All interest earned on the deposit or investment of the moneys in the fund shall become a part of the fund.
- (e) The department may establish subaccounts as may be necessary.

SECTION . There is appropriated out of the building energy efficiency revolving loan fund the sum of \$10,000,000 or so much thereof as may be necessary for fiscal year 2009-2010 to be expended by the department of business, economic development, and tourism for the purposes of this Act.

We defer to the Department of Taxation on tax matters.

Thank you for the opportunity to provide this testimony.



STATE OF HAWAII DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119 HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
FINANCE
ON
April 6, 2009

S.B. 1173, S.D. 2, H.D. 2

RELATING TO ENERGY EFFICIENCY

Chair Oshiro and members of the Committee, thank you for the opportunity to testify on S.B. 1173, S.D. 2, H.D. 2.

The Department of Accounting and General Services (DAGS) supports S.B.

1173, S.D. 2, H.D. 2's provisions which incorporate the measures of S.B. 871, which was submitted by the Administration. DAGS defers to the Department of Business,

Economic Development and Tourism on the effective establishment, maintenance and achievement of energy efficiency portfolio standards. DAGS supports this bill's requirement that buildings and facilities be bench-marked, that State departments be allowed to employ energy saving performance contracts, and that public buildings be retro-commissioned regularly. DAGS also supports, subject to effective public education, the required disclosure of energy consumption by sellers or lessors of real property, and

tax credits for owners of net-zero energy buildings. This bill, if implemented properly, will help achieve most of the State's energy efficiency goals.

Thank you for the opportunity to testify on this matter.

TESTIMONY OF CARLITO P. CALIBOSO CHAIRMAN, PUBLIC UTILITIES COMMISSION DEPARTMENT OF BUDGET AND FINANCE STATE OF HAWAII TO THE HOUSE COMMITTEE ON FINANCE APRIL 6, 2009

MEASURE: S.B. No. 1173 S.D. 2 H.D. 2
TITLE: Relating to Energy Efficiency.

Chair Oshiro and Members of the Committee:

DESCRIPTION:

This bill proposes a comprehensive package to study and increase energy efficiency throughout the state.

POSITION:

The Commission has no objections to this bill that will further develop state energy policy and help meet the state's goals in energy efficiency efforts and programs, except, however, the Commission opposes and objects to the bill's attempt to define "cost-effective" and recommends that the bill be amended to delete that provision.

COMMENTS:

- Section 4 of the bill includes the following definition of "cost effective" in the
 context of establishing energy efficiency plans: "For the purposes of this
 paragraph, "cost-effective" means that all resources are deemed to effectively
 cover the incremental cost of investment within fifteen years, when measured
 against average electricity rates for residential, small commercial, large
 commercial, industrial, and agricultural customers;"
 - Although this provision may be well intentioned, it is unclear what it is based upon and it may unduly restrict the flexibility of the Commission in determining "cost effective" energy efficiency plans should a particular energy efficiency plan not be able to meet the requirements of this provision.

S.B. No. 1173 S.D. 2 H.D. 2

Page 2

- The proposed "cost effective" definition is highly dependent on current electricity prices that could be subject to wild swings in oil prices as we experienced in 2008, where a given plan may have qualified in August 2008, but no longer qualify as cost effective by December 2008.
- Accordingly, the definition of "cost effective" in the bill should be deleted so that the Commission will have the flexibility to aggressively implement energy efficiency plans without the restriction contained in this bill.

Thank you for the opportunity to testify.



The REALTOR® Building 1136 12th Avenue, Suite 220 Honolulu, Hawaii 96816 Phone: (808) 733-7060 Fax: (808) 737-4977 Neighbor Islands: (888) 737-9070 Email: har@hawaiirealtors.com

April 5, 2009

The Honorable Marcus R. Oshiro, Chair House Committee on Finance Hawaii State Capitol, Room 308 Honolulu, Hawaii 96813

RE: S.B. 1173, S.D.2, H.D.2 Relating to Energy Efficiency

HEARING: Monday, April 6, 2009 at 3:00 p.m.

Aloha Chair Oshiro and Members of the Committee:

I am Myoung Oh, here to testify on behalf of the Hawai'i Association of REALTORS® (HAR) and its 9,600 members. HAR opposes S.B. 1173, S.D.2, H.D.2, at Section 2 (page 7, lines 3-12, to the extent that it requires that, prior to the sale or lease of all real property, a property owner or lessor must provide energy efficiency information.

S.B. 1173, S.D. 2, H.D. 2, was amended by the House Committee on Consumer Protection and Commerce to require that a property owner or lessor provide three months of utility bills.

While HAR appreciates the stated intent of this measure to provide a "clean energy economy", HAR asks the Committee to consider whether requiring a property owner or lessor to provide utility bills serves this goal. In some instances, obtaining utility information will only serve as a burden, particularly when a property owner or lessor lives out-of-state. Moreover, if the goal is to provide a comparison at the point of sale, utility bills in and of themselves would not necessarily be a good tool for comparison purposes, because each occupant's usage of a property is likely to be different depending on a variety of factors (for example, the number of people that live on a property and the way in which they use utilities).

In these challenging economic times, we ask the Committee to consider the impact and potential delay it could have on the real estate industry to require utility bills prior to the sale or lease of property. Any delays caused by this requirement could also have other impacts on sellers, lessors, real estate licensees, financial institutions, and all parties involved in real estate transactions. HAR would submit that, if the Legislature finds that establishing an energy consumption information program is important, the first step should be to conduct a study on how such a program could be implemented.

For these foregoing reasons, HAR respectfully requests that Section 2 at page 7, lines 3-12 be stricken from the bill.

Thank you for the opportunity to testify.

Testimony Before the House Committee On Finance

April 6, 2009 (3:00 PM)

S.B. 1173 SD2 HD2 RELATING TO ENERGY EFFICIENCY

By: Alan Hee Energy Services Department Hawaiian Electric Company, Inc.

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

My name is Alan Hee, and I represent Hawaiian Electric Company (HECO) and its subsidiary utilities, Hawaii Electric Light Company (HELCO) and Maui Electric Company (MECO).

HECO supports S.B. 1173 SD2 HD2, but has two suggestions for amendments.

Energy Efficiency Portfolio Standard

HECO supports the development of an energy efficiency portfolio standard. It reflects the commitment of the state to energy efficiency and creates a yardstick against which we can measure our progress as a community towards energy independence.

HECO also supports giving the Public Utilities Commission ("Commission") the authority to adjust the energy efficiency portfolio standard. It is the right agency to administer this standard because it has been involved in the utilities' integrated resource planning and demand-side management programs for over 13 years.

On-bill Financing of Energy Efficiency

HECO supports the intent of this bill to provide on-bill financing options to encourage consumer acquisition of more efficient major electrical appliances, solar water heaters, and photovoltaic systems. The utilities currently participate in an on-bill financing <u>pilot</u> for solar water heating.

This bill proposes that these new programs be administered by the PBF Administrator. However, since participants in the new programs will be making monthly payments through their electric bills, on-bill financing will require the utilities to take on the role of a loan servicing organization, a role that is not among the core functions of the utility. The utilities will need to collect and track payments from program participants and send those payments and payment reports to the PBF Administrator.

Because there will likely be incremental costs to perform this new role HECO requests an <u>amendment to the bill that allows the utilities to recover the additional costs of implementing on-bill financing</u>. This proposed language is similar to that included in Act 240 (2006 Legislature) the legislation that initiated the pilot on-bill financing program at the utilities:

The commission shall ensure that all reasonable costs incurred by electric utilities to start up and implement on-bill financing are recovered as part of the utility's revenue requirement, including necessary billing system adjustments.

Cost Effective Resources

HECO supports establishing aggressive, cost effective, energy efficiency plans. However, HECO is concerned with the definition of energy efficiency "cost-effectiveness" included in this bill (page 13, line 18 to page 14, line 2), which is different from the definition used by the utilities and the Commission since 1996. HECO requests that the definition of "cost effectiveness" proposed in this measure be deleted and allow the Commission to define cost effectiveness. The language for "cost effectiveness" used in this bill considers only the perspective of the person or business installing the measure. However, ratepayers are funding the energy efficiency programs, and their costs and benefits should also be considered.

For example, it is conceivable that an energy efficiency measure meets the proposed cost-effectiveness requirement only because ratepayers are paying nearly the full incremental cost of the measure through rebates. This would not be fair to the ratepayers funding the programs but do not benefit from the energy savings in their bills.

In summary, HECO supports SB 1173 HD2, but has two recommendations that would enhance the proposed language. Thank you for this opportunity to testify on this measure.



HOUSE COMMITTEE ON FINANCE

April 6, 2009, 3:00 P.M. Room 308

(Testimony is 4 pages long)

TESTIMONY IN SUPPORT OF SB 1173 SD2 HD2, SUGGESTED AMENDMENTS

Chair Oshiro and members of the committee:

The Blue Planet Foundation supports SB 1173 SD2 HD2, implementing energy efficiency policies to provide a strong foundation for Hawaii's clean energy future. We offer some suggested amendments to strengthen the effectiveness of this measure.

Energy efficiency, unfortunately, is the "dark horse" of clean energy resources. Energy efficiency—efficient lights, appliances, electronics, behavior changes, and the like—is the largest, cheapest, safest, and fastest energy option that Hawai'i can implement. Consider:

- Energy efficiency is the fastest-growing U.S. "energy source" (growth of ~2.5 to 3.5% annually)
- National energy efficiency programs save energy at an average cost of about 3 cents/kWh -- about 1/10 the average electricity cost in Hawaii
- Leading states are saving over 1% additional of total electricity sales annually
- Energy efficiency provides major local economic benefits: energy efficiency is 100% obtained from investment in local homes and businesses
- It is also the least visible, least understood, and most neglected

Efficiency Portfolio Standards

Blue Planet supports establishing energy efficiency portfolio standards. Directing the PUC to establish an energy efficiency portfolio standard would help Hawaii take advantage of this critical energy resource. The energy efficiency portfolio standard should complement a true renewable portfolio standard.

While Blue Planet supports the efficiency standards in SB 1173 SD2 HD2, we would prefer that the measure go further to establish aggressive building efficiency standards for new construction in Hawai'i. Strong energy efficiency building codes are critical to achieving our clean energy goals, as buildings are the largest consumer of electricity and the building stock turns over very slowly. To this end, we support the adoption of more aggressive building

code standards by the counties—30% higher than the most recent guideline established by International Energy Conservation Code (IECC). Such a stringent building code would yield the construction of high performance buildings in Hawai'i—performance that would result in much lower energy bills over the life of the home or building.

Efficiency investments pay back to Hawaii's residents and economy in numerous ways.

- 1. First, the investment in efficiency pays back in savings during the home or building's occupancy and use.
- 2. Second, building more high performance buildings is typically more labor and material intensive than structures that are inefficient, resulting in more job creation—the tradeoff being money is directed toward local jobs and contractors instead of going overseas to purchase fossil fuel.
- 3. Finally, building high performance buildings is the only way for Hawai'i to achieve its clean energy future. We simply cannot meet our growing energy demands in the short term without radically improving the efficiency of our buildings.

State Building Efficiency Retrofits

Blue Planet supports the requirement that state-owned buildings to be retrofitted with efficiency improvements. It is critical that the state operate high performance buildings. Not only should be state be leading by example in energy efficiency, but taxpayers are paying the energy costs for state buildings. Blue Planet particularly appreciates the direction that state buildings must be retrofitted to achieve 30% higher than the most recent guideline established by the IECC, and the requirement that performance-based contracting be employed to meet the targets. This makes energy efficiency improvements more affordable, as the investment is paid off over time through energy cost savings.

Consumer Energy Efficiency Information

Blue Planet supports directing the PUC to establish a consumer information program on energy efficient properties. Home buyers or renters deserve to know what they will likely be paying per month for energy. Although we prefer the language in the previous versions of SB 1173 to accomplish this, the HD2 requirement for three months of power bills should achieve the intended information objective.

Hawaii residents pay the highest electricity rates in the nation. Many homeowners have vastly inefficient homes and operate inefficient appliances simply because they are not aware of the energy they are wasting or they don't want to make the investment to improve the situation. Unfortunately, energy efficiency investments are sometimes penalized in the marketplace as homes or apartments that have invested in energy efficient appliances or solar water heaters cost more up front (or have a higher rent)—despite being less expensive to live in on a monthly basis. This measure would change that be creating a program whereby potential homebuyers or tenants could see what the monthly energy cost of the home would be. This information

disclosure would enable an honest assessment of the true costs of home ownership or renting and encourage energy efficiency investments by homeowners.

Blue Planet supports amending SB 1173 SD2 HD2 to go further in fostering high performance and energy efficient homes in Hawai'i by requiring that homes achieve a certain efficiency standard at the time of sale. Such a "Time of Sale Efficiency Standard" would ensure that homes in Hawai'i meet a minimum level of efficiency, saving homeowners money in energy bills over the long term. The standard should be tied to the energy code established for new buildings, such as 30% higher than the latest IECC.

Zero Net Energy Buildings

Blue Planet supports establishing tax credits for developers to build net-zero energy buildings. Blue Planet supports this incentive to encourage the development of high performance, zero energy buildings of the future in Hawai'i.

On-Bill Financing for Energy Efficiency

As currently drafted, SB 1173 SD2 HD2 allows the new Public Benefit Funds Administrator to implement a "pay as you save," or on-bill financing option to make energy efficiency investments more affordable to Hawai'i residents (Page 14, line 3). On-bill financing is one of the most powerful tools to increase adoption of energy efficiency and clean energy investments. Blue Planet believes that SB 1173 SD2 HD2 should be amended to make on-bill financing a regular program administered by the public benefits fund administrator.

On-bill financing is a critical tool to overcome the biggest barrier to energy efficiency and clean energy investment: the up-front cost. Consumers have proven to be terribly myopic in their purchasing decisions when it comes to energy saving technologies. Despite the environmental and long-term economic advantages of converting to photovoltaic power, a miniscule percentage of Hawai'i homes take advantage of this technology. Even less expensive purchases, like high efficiency refrigerators, are passed over because of their initial cost. By eliminating the up-front cost and enabling residents to pay for the investment through the energy savings over time, adoption of efficiency and clean energy will accelerate.

An examination of some of the economic barriers present in the diffusion of energy efficiency technologies provides insight into the challenges of greater adoption of efficient appliances and photovoltaic. Empirical studies examining the purchase of energy-saving devices reveal that high initial investment costs—regardless of the money savings from reduced electricity use—fosters to a tendency to avoid energy saving innovations. These decisions can result in outcomes that are economically suboptimal considering likely investment alternatives available to the decision maker. By foregoing certain energy efficiency investments, individuals demonstrate implied discount rates that are frequently an order of magnitude or higher over the prevailing discount rate.

A 1983 study on refrigerators is notable for being one of the first to use very specific data and a simple technique. They examined two refrigerator models sold by the same national retailer between 1977 and 1979. The two refrigerators were identical in nearly every way except their energy use and cost: one used 410 kilowatt-hour (kWh) per year less electricity but cost \$60 more. Using a 6% discount rate and a 20-year lifetime, the more efficient refrigerator saved energy at an electricity cost of just over one cent per kWh—lower than electricity prices prevailing in every state at the time. Despite being widely advertised and being recommended by a prominent consumer magazine, the energy-efficient refrigerator was purchased by customers less frequently than the less expensive inefficient model. Using regional electricity cost data, Meier and Whittier calculated the implied discount rate by these purchases, which varied between 34% and 59%, depending on the region's prevailing residential electricity rate.

The issues that give rise to the "energy-efficiency paradox" are likely to be more pronounced in the decision to purchase a photovoltaic system, with high initial investment costs and lengthy payback times. Expanding the on-bill financing program to energy efficient appliances (such as high efficiency refrigerators) and residential photovoltaic systems will help to eliminate this barrier and make these money-saving technologies more accessible to local residents.

Renewable Energy Income Tax Credits

Blue Planet supports the tax credits amendments in SB 1173 SD2 HD2. To further accelerate the adoption of residential clean energy technologies, we would additionally support making the solar and wind tax credits 100% refundable for individuals with limited income.

Please amend SB 1173 to make it effective upon approval.

Thank you for the opportunity to testify.

¹ Meier, A., and Whittier, J. (1983). Consumer Discount Rates Implied by Purchases of Energy-Efficient Refrigerators. *International Journal of Energy*, 8(12), 957-962.

THE GENTRY COMPANIES



April 6, 2009

The Honorable Marcus Oshiro, Chair, and Committee Members House Committee on Finance State Capitol Honolulu, HI 96813

Dear Chair Oshiro and Members:

RE: S.B. 1173 - RELATING TO ENERGY EFFICIENCY, S.D. 2, H.D. 2

My name is Debbie Luning and I am testifying on behalf of Gentry Homes, Ltd. in support of reinstating a provision that was in the original S.B. 1173 and subsequent Senate Drafts of the bill, but which was deleted in the House Drafts. The provision, which proposes to delete subsection 235-12.5(g), HRS, would allow a residential home developer to claim the renewable energy technology tax credits for systems installed and placed in service in 2009.

Gentry Homes is a residential home builder that has been in Hawaii for over 40 years. We have built over 11,600 homes to date, and are proud of our recent recognition as the best "green" production builder in the State by the Building Industry Association of Hawaii. Since 2005, Gentry Homes has been an Energy Star partner and has built over 500 homes with new energy saving technology included in the sales price. With the tax credits and incentives offered, we were able to include solar hot water heaters as a standard feature in our single-family homes, offering the consumer a value-added sustainable home which is more affordable to own and maintain because of lower monthly electrical bills. We will be including solar hot water heaters as a standard feature in the 111 homes that we will be building for the Department of Hawaiian Home Lands in East Kapolei, with base prices starting at \$221,300. These homes are currently under construction and will be completed in 2009.

Unfortunately, we were unaware that pursuant to the provisions of Act 204, SLH 2008, the renewable energy technology tax credit had been deleted for residential home developers commencing in 2009. We question why developers were singled out as not being able to take advantage of the tax credit particularly when solar systems are still being installed voluntarily. S.B. 1173, as amended in S.D. 1 and S.D. 2, recognized this inequity and proposed that the law be amended by deleting Section 235-12.5, HRS, as follows:

The Honorable Marcus Oshiro, Chair and Committee Members House Committee on Finance April 6, 2009 Page Two

"§235-12.5(g) For systems installed and placed in service in 2009, no residential home developer shall be entitled to claim the credit under subsections (a)(1)(A), (a)(2)(A), and (a)(3)(A). A residential home developer is defined as a person who holds more than one residential dwelling for sale as inventory."

We ask that S.B. 1173, S.D. 2, H.D. 2 be amended by incorporating the above amendment.

Thank you for your consideration.

Sincerely,

GENTRY HOMES, LTD.

Debra M. A. Luning

Director of Governmental Affairs and

Community Relations

cc: The Hon. Mike Gabbard, Chair, Senate Committee on Energy and Environment

The Hon. Donna Kim, Chair, Senate Committee on Ways and Means

The Hon. Hermina Morita, Chair, House Committee on Energy and Environmental Protection

The Hon. Ken Ito, Chair, House Committee on Water, Land and Ocean Resources

The Hon. Robert N. Herkes, Chair, House Committee on Consumer Protection and Commerce