GOV. MSG. NO. 1302

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 2, 2015

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on July 2, 2015, the following bill was signed into law:

SB1096 SD1 HD2 CD1 — RELATING TO ON-BILL PROGRAMS
ACT 201 (15)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

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'15 JUL -2 P3:51

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CLERK'S OFFICE
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Approved by the Governor
on JUL 2 2015

THE SENATE
TWENTY-EIGHTH LEGISLATURE, 2015
STATE OF HAWAII

ACT 201

S.B. NO. 1096 S.D. 1 H.D. 2 C.D. 1

A BILL FOR AN ACT

RELATING TO ON-BILL PROGRAMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The purpose of this Act is to ensure that electric utilities acting as billing and collections agents in a purely "pass-through" capacity for any on-bill financing program or on-bill repayment program in the State do not inappropriately incur costs and assessments from Hawaii tax laws and are not otherwise regulated as financial and debt collection organizations operating in the State.

SECTION 2. Section 269-125, Hawaii Revised Statutes, is amended to read as follows:

"[~~[~~]**§269-125[~~]~~ On-bill financing for energy efficiency and renewable energy.** (a) The public utilities commission shall investigate an on-bill financing program that would allow an electric utility company customer to purchase or otherwise acquire a renewable energy system or energy-efficient device, as determined by the public utilities commission, by providing for billing and payment of such a system or device through an assessment on the electric utility company customer's electricity bill.

(b) In investigating an on-bill financing program, the public utilities commission may consider:

(1) The costs and benefits associated with the establishment and administration of the program;

(2) The ability of the program to effectively provide life cycle cost savings to participating electric utility company customers;

(3) The ability of the program to make renewable energy and energy efficiency more accessible to the rental market and other underserved markets;

(4) Methods to structure the program to ensure that any public benefits fee funds are spent cost-effectively and in compliance with applicable statutes;

(5) The use of non-ratepayer funds or private capital to provide financing for renewable energy systems or energy-efficient devices acquired through the program;

(6) Reasonable penalties, which may include fines and disconnection of utility services, for nonpayment of on-bill financing costs;

(7) The ability of an electric utility company to recover costs incurred due to the program; and

(8) Other issues the public utilities commission deems appropriate.

(c) If on-bill financing is determined by the public utilities commission to be viable, the public utilities commission may implement an on-bill financing program by decision and order or by rules pursuant to chapter 91.

(d) Amounts collected from electric utility customers by electric utilities for the repayment of on-bill obligations shall not be considered revenue of the electric utilities and accordingly, shall not be subject to state or county taxes, including the general excise tax under chapter 237, the public service company tax under chapter 239, the public utility fee under section 269-30, and the public utility franchise tax under chapter 240.

(e) The act of serving as an agent to bill and to collect the repayment of on-bill obligations shall not cause any electric utility to be subject to the laws that regulate financial institutions, escrow depositories, or collection agencies. An electric utility shall not be responsible for lending, underwriting, and credit determinations.

(f) As used in this section:

"On-bill obligation" means any and all costs resulting from the acquisition and installation of renewable energy, energy efficiency, or energy conservation systems approved by the public utilities commission for repayment through an on-bill program.

"On-bill program" means any program approved by the public utilities commission that allows for the payment or repayment by an electric utility customer for the acquisition and installation of renewable energy, energy efficiency, or energy conservation systems as part of the electric utility customer's electric utility bill."

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

APPROVED this 2 day of JUL, 2015

GOVERNOR OF THE STATE OF HAWAII