

MidWeek

Two Energy Bills That Need To Pass

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By Dan Boylan

For four decades, Hawaii politicians of every persuasion have talked of the state as a laboratory for the development of alternative energy. "We've got it all," the speech goes, "geothermal, solar, wind, wave, biomass." And so on.

But in 2010, Hawaii remains hopelessly energy dependent. *We burn* oil. *We talk* alternative energy. Oh, there's a state tax credit, a wind farm or two, solar water heaters on a very small percentage of homes in a state where the sun always shines, a tax credit, and a new law that says developers must put solar water heaters on houses built from now on.

As I write, two bills remain alive at the Legislature that could do much to turn energy talk into energy walk: HB 2643, the so-called PACE (property assessed clean energy) bill. PACE would eliminate the homeowners' upfront costs for solar energy by amortizing the cost over 20 years as part of their county property taxes.

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HB 2421, the so-called "barrel bill," would add a \$1.50 surcharge on every barrel of oil consumed in Hawaii - the revenue to be applied to the state budget (\$1) and to a clean energy and agricultural security fund (\$.50).

Both bills should emerge from this legislative session, and Gov. Linda Lingle should sign them both the minute they hit her desk. The operative word here is "should."

Last session, both houses passed the barrel bill and sent it to Gov. Lingle, who promptly vetoed it. (Post-Reagan Republicans do not pay for things they say we need and they want: education, wars, energy independence). Democrats in the Senate couldn't muster the votes to override her.

"I am hopeful and optimistic that both bills will become law," says Senate majority leader Gary Hooser, "but I have serious concerns." Hooser senses that Senate support for the barrel bill has weakened since last session. "It's an election year, and nobody likes to raise taxes in an election year. And concern over the state budget distracts us from anything else."

House Energy and Environmental Protection Committee Chairwoman Mina Morita says the barrel tax pays for itself. "The 'no new tax' people around here keep screaming against its passage, but politically now is the time to do it. In better economic times, China and India will be competing with us for scarce oil, and prices will rise. The situation will be even worse for us to make a reinvestment in ourselves. Besides, the barrel tax is not overly burdensome. The monthly cost to residents would be equal to the price of a cup of Starbuck's coffee."

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It's not just the "no new tax" chanters who have trouble with the current version of the barrel tax. Many environmentalists like the \$1.50 surcharge, but only if it's used to promote clean energy.

In a *Honolulu Star-Bulletin* opinion piece, Jeff Mikulina of the Blue Planet Foundation, warned that “the success of the policy rests on lawmakers’ ability to resist the urge to reroute the revenue to the general fund. The funds from the carbon tax should be used to wean Hawaii from oil ...”

In the same essay, Mikulina gave unqualified support to the PACE program: “Residents benefit immediately by lowering the cost of home ownership, the state benefits from an increase in clean energy, and the economy benefits from having a steady growth in high tech clean energy and efficiency jobs.

“The program is genius - enough that *Harvard Business Review* named it one of the ‘Top 10 Breakthrough Ideas’ for 2010.” Berkeley and “dozens” of other cities have adopted a PACE program.

Hawaii Republicans have adopted it as well. Lingle proposed it in her state of the state address, and State Rep. Gene Ward calls it the best piece of legislation of the current session. “I’m proud as a policy maker to support solar and a bill like this,” he says. “We all pay property tax, and the photovoltaic system or solar water heater stays with the house, increasing its value. It just makes sense. It’s a winwin situation, household by household.”

Like Ward, Senate Energy and Environment Chairman Mike Gabbard expresses excitement over new energy legislation passing this session. “We were the first state in the country to mandate solar panels on new construction,” says Gabbard. “When I go to national energy conferences, people come up to me and say, ‘We’re watching you.’ We’ve got to put our money where our mouth is. The PACE bill would take away the biggest obstacle for people who want to do solar: up-front costs. I think the chances are good we’ll pass them both.”

The operative word is *should*.

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