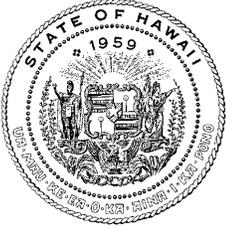


SB241



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

LINDA LINGLE
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THEODORE E. LIU
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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEES ON
EDUCATION & HOUSING
and
ENERGY & ENVIRONMENT**
Friday, February 6, 2009
1:15 p.m.
State Capitol, Conference Room

in consideration of

**SB241
RELATING TO ENERGY**

Chair Sakamoto, Chair Gabbard, Vice Chair Kidani, Vice Chair English, and
Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) **does not support SB241** which establishes specific performance standards and mandates the use of cool roofs on all new residential and commercial construction in Hawaii beginning in 2011. SB241 also directs the Energy Resources Coordinator with granting variances to the proposed requirement and directs all counties to adopt and enforce rules, ordinances, and guidelines to take all reasonable actions to implement and enforce this new provision.

While DBEDT supports the use of cool roofs, we have strong reservations about such a sweeping mandate affecting "all residential construction, including single family and multi-family residential properties, and all commercial construction, including construction for businesses of any kind and all government buildings." We support the cool roof provisions

in SB871, our omnibus Administration measure developed in support of the Hawaii Clean Energy Initiative, which proposes that the Public Benefits Fee Administrator consider costs and benefits of requiring cool roof standards. Therefore, we propose that the analysis and evaluation by the Public Benefits Fee Administrator be allowed to take place before any mandatory measures are imposed.

Thank you for the opportunity to offer these comments.

Statement of Leslie Cole-Brooks

**HOUSE ENERGY AND ENVIRONMENTAL PROTECTION COMMITTEE
COMMITTEE ON EDUCATION AND HOUSING**

Friday, February 6, 2009
1:15 P.M.
Capitol Room 225

In consideration of
SENATE BILL 241
RELATING TO ENERGY CONSERVATION

Chair Gabbard and Chair Sakamoto and members of the committee,

I **support** the cool roof proposal and believe it will be an effective next step towards energy conservation for the following three reasons:

Cool Roofs are easy to install and come in a variety of choices

a. Installation same as a standard roof

The installation of cool roofs requires no special equipment or training. Cool roof materials are simply roofing materials that effectively reflect sunlight and emit any trapped heat so that less heat is absorbed into the structure. Any roofer who can install a standard roof can install a cool roof without additional training or any other kind of preparation.

b. Cool roofs come in a variety of material types

Cool roofing materials range from ceramic tile in a range of colors, metal roofs, and roll on roofing material that is used in commercial buildings. Although some of the first cool roofing materials were white, and were called “white roofs,” that is no longer the case and the client/builder/designer now may choose from a range of colors and materials that will satisfy the cool roof standard mandated in the cool roof proposal.

Cool roofs are cost effective and will cost the state nothing

a. The payback period is short

Cool roofs are generally more expensive than standard roofing material, but there are several financial benefits to cool roofs that would offset any additional cost. First, cool roofs reduce cooling costs 5-15%, depending upon building design, climate, and overall energy use. For instance, for a standard 1,000 square foot single-family residence, installing a cool roof would add an additional \$500 onto the cost of the roof, but cooling costs would be reduced and would pay for the roof within 3-7 years, based on current energy costs. Cool roofs also tend to be more enduring than the standard 30-year roof because the roof material is not subject to the same

degree of expansion and contraction from heating, a major factor in the weathering process of roofs.

b. Cool Roofs reduce the heat island effect

The installation of cool roofs reduces the overall heat gain in urban areas that is produced when heat is concentrated in buildings and infrastructure such as roads, sidewalks, and parking areas. The EPA has estimated that steadily increasing temperatures in the last several decades accounts for 3-8% of the current energy demand. Cool roofs would reduce the standard roof's contribution to the heat island effect and thus lower the overall need for cooling in urban areas.

c. Cool Roofs offset the cost of additional power generation

Cool roofs on all new construction would off-set costs of additional energy generation, a critical area of concern as oil prices continue to fluctuate, and the world's oil reserves are increasingly depleted. Finally, the cool roof proposal does not burden the state with additional costs through tax rebates or other incentive programs in these lean economic times.

The Cool Roofs proposal builds upon prior legislation

The Cool Roof proposal builds upon the solar hot water legislation Act 204 (SB 644) which mandates that solar hot water heaters be installed on all new residential single-family construction beginning 2010. Act 204 will facilitate the implementation of cool roofs in several ways. First the Cool Roofs proposal shares many of the same components as Act 204, including special allowances for shadier or cooler zones in Hawaii that may not benefit from solar hot water or cool roofing materials. Both bills also use the same "energy resource manager" to approve an exemption, and both bills verify implementation through the building inspection process overseen through the department of public works. The target date for implementation for cool roofs is 2011, one year after the implementation of Act 204. This will allow all interested parties to become familiar with the new legislation and aid in a smooth transition.

Thank you for the opportunity to provide this testimony.



February 6, 2009

Senator Norman Sakamoto, Chair
COMMITTEE ON EDUCATION AND HOUSING
Senator Mike Gabbard, Chair
COMMITTEE ON ENERGY AND ENVIRONMENT
Conference Room 225
State Capitol
415 South Beretania Street

Senator Gabbard:

Subject: Senate Bill No. 241 Relating to Energy

My name is Dean Uchida, Vice President of the Hawaii Developers' Council (HDC). We represent over 200 members and associates in development-related industries. The mission of Hawaii Developers' Council (HDC) is to educate developers and the public regarding land, construction and development issues through public forums, seminars and publications.

It is also the goal of HDC to promote high ethics and community responsibility in real estate development and related trades and professions.

The HDC is **concerned**, that similar to the "Mandatory Solar Bill, this bill proposes to "Mandate" the use of cool roofs on all new residential and commercial construction in Hawaii beginning in 2011.

As in most public policy issues, the process toward energy efficiency has many "unintended consequences." For example, last session the Legislature approved SB No. 644 which "mandated" the installation of a solar water heater in all new single family residences. The bill effectively:

1. Required all new single family residences constructed after January 1, 2010 to include a solar water heater system;
2. Eliminated the Solar thermal energy systems tax credits on all single-family residential properties after 1/1/2010; and
3. Prohibited a single family residential developer from claiming any renewable energy technologies tax credits for systems installed between now and 2010.

Government "Mandates" that attempts to direct the free market system generally result in penalizing one section of the market. For example, in this case, while the arguments that a \$7,000 thermal solar water heating system can easily be incorporated into the mortgage of the

average priced home in Hawaii resulting in the homeowner realizing a net savings as energy cost rise over time, the mandate does not recognize or provide a mechanism to assist buyers seeking units priced for residents making less than 80% and less than 120% of the Housing and Urban Development (HUD) median income levels in Hawaii. For Honolulu, the HUD median income for a family of four is \$77,300. Irrespective of costs, developers are required to provide generally 20% of their total units for families making 120% or less of the HUD median income and 10% of their total units for families making 80% or less of the HUD median income.

Adding the cost of a thermal solar water heating unit to these houses effectively means the buyer gets \$7,000 “less” house.

If the goal was really to significantly reduce our 90% dependency on imported oil, wouldn't it have made more of an impact on our energy dependency to require all existing housing units (approximately 491,000 as of July 2005) to convert to solar water heaters as opposed to requiring only new units to have solar (approximately 5,700 units in 2006). Why do you think the focus was on new units as opposed to existing?

No one disagrees with the intended goal of moving the state toward becoming more energy self sufficient. The concern is in the manner our elected leaders are choosing to accomplish this goal.

As was the case last session, this bill does clearly identify the specific problem or problems that need to be addressed through the proposed legislation. If the underlying intent is to encourage more energy efficient perhaps the proposed legislation should be expanded to include an assessment and analysis that clearly articulates the criteria for assessing and measuring the intended outcomes of the proposed legislation.

In other Cities or municipalities, government has led by example by “Mandating” that all government projects achieve a certain green or sustainable design standard. In so doing, the design professionals and contractors in these Cities were educated and developed the necessary hands on experience to build a green or sustainable project. AFTER the design professionals and contractors gained this experience, there were incentives created based on their hands on experience, to encourage the private projects to incorporate green or sustainable design. People were able to see that costs and benefits of changing behavior and moving toward more energy efficiency.

There also does not appear to be a comprehensive approach or “game plan” for how we should approach our dependency on imported oil. The legislature is considering a variety of alternative energy and energy efficiency types of bills. A comprehensive package that provided some analysis of the programs and desired outcomes along with the economic analysis of all the costs associated with achieving these outcomes should be done prior to passage of this type of legislation.

We strongly recommend that the Legislature develop a full understanding of the economic impacts created by this type of legislation. Perhaps the Legislature should conduct its own analysis or comparison to determine, at a minimum, the following:

1. What specific outcome or range of outcomes would the bill achieve;
2. Discuss the public benefits among the different outcomes and assess whether or not government involvement is necessary;

3. If government involvement is desired, assess the pros and cons of providing incentives or mandating compliance to achieve the desired outcomes.

While we see interest in the market moving toward more energy efficiency and sustainable designs, we believe there is much more that needs to be done before public policy makers “Mandate” any more “green or sustainable” legislation.

Thank you for the opportunity to share our views with you.



February 6, 2009

Senator Norman Sakamoto, Chair
COMMITTEE ON EDUCATION AND HOUSING
Senator Mike Gabbard, Chair
COMMITTEE ON ENERGY AND ENVIRONMENT
Conference Room 225
State Capitol
415 South Beretania Street

Senator Gabbard:

Subject: Senate Bill No. 241 Relating to Energy

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII is **concerned**, that similar to the "Mandatory Solar Bill, this bill proposes to "Mandate" the use of cool roofs on all new residential and commercial construction in Hawaii beginning in 2011.

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Thank you for the opportunity to share our views with you.

February 5, 2009

The Honorable Mike Gabbard, Chair
Senate Committee on Energy and Environment
The Honorable Norman Sakamoto, Chair
Senate Committee on Education and Housing
State Capitol, Room 225
Honolulu, Hawaii 96813

RE: S.B. 241 Relating to Energy

HEARING: Friday, February 6, 2009 at 1:15 p.m.

Aloha Chair Gabbard, Chair Sakamoto, and Members of the Joint Committees:

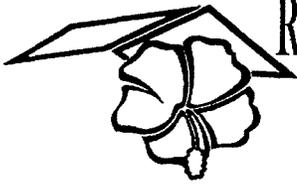
I am Myoung Oh, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR") and its 9,600 members in Hawai'i. HAR **opposes S.B. 241**, which mandates the use of cool roofs on all new construction beginning January 1, 2011.

HAR is opposed to the proposed mandate for all new residential and commercial construction to be installed with cool roof materials. The cost of cool roofing materials is higher than traditional roofing materials. Similar to the mandate for solar water heaters, a cool roof mandate will continue to increase the already high cost of homes.

Even assuming that a person pays \$80,000 down on a new \$400,000 home with a 6.5 percent, 30-year fixed-rate loan, a homeowner's monthly payment would be \$2,022. The required addition of any energy-efficient features will further increase the base price of a home, continuing to make homeownership a challenge for many in Hawai'i. For these reasons, HAR opposes this bill.

HAR looks forward to working with our state lawmakers in building better communities by supporting quality growth, seeking sustainable economies and housing opportunities, embracing the cultural and environmental qualities we cherish, and protecting the rights of property owners.

Mahalo for the opportunity to testify.



ROOFING CONTRACTORS ASSOCIATION OF HAWAII

820 Mililani Street, Ste. 810, Honolulu, Hawaii 96813
Phone (808) 537-1224 ♦ Facsimile (808) 533-2739

February 6, 2009

Testimony To: Senate Committee on Education and Housing
Senator Norman Sakamoto, Chair

Senate Committee on Energy and Environment
Senator Mike Gabbard, Chair

Presented By: Tim Lyons, CAE
Executive Director

Subject: S.B. 241 – RELATING TO ENERGY

Chair Sakamoto, Chair Gabbard and Members of the Joint Committees:

I am Tim Lyons, Executive Director of the Roofing Contractors Association of Hawaii and we are in **overall support of this bill.**

We must however, tell you that we have no consensus from our membership or total agreement. Some members subscribe to the theory that the legislature should provide incentives for people to install "cool roofs" including tax credits and any other means available. Others subscribe to the theory that it should be mandatory. Our concern is that we don't know where the technology will be in 2011 when this mandatory system is reported to take effect. Like most environmentally sensitive products, they cost more and that is a policy decision on your part, as to what you want to establish at a minimum that consumers should pay. We do not object however, to the passage of the bill.

Thank you.