

Honolulu, Hawaii
Feb 15, 2006

RE: H.B. No. 2314

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 2314 entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS FOR ENERGY STAR RATED APPLIANCES,"

begs leave to report as follows:

The purpose of this bill is to promote the use of energy efficient electrical appliances by offering tax incentives in the form of income tax credits for certain Energy Star approved appliances.

The Department of Taxation, Department of Business, Economic Development, and Tourism, Consumer Advocate, Hawaii Island Chamber of Commerce, Hawaiian Electric Company, Inc., Maui Electric Company, Hawaii Electric Light Company, Sierra Club, Hawai'i Chapter, and the Conservation Council for Hawai'i testified in support of this bill. The Tax Foundation of Hawaii provided comments.

Your Committee acknowledges that the Public Utilities Commission currently has an energy efficiency docket to review the issue of rebates for washing machines and dishwashers. These types of rebates may be a more practical way to incentivize the purchase of Energy Star appliances and equipment.



Further, your Committee notes that there was a discrepancy in the Department of Taxation's (DOTAX) projected state revenue impact, between \$2.5 million and \$7.5 million. DOTAX originally testified that the revenue impact would be \$7.5 million, then changed its figure to \$2.5 million, after clarification. Your Committee respectfully requests your Committee on Finance to more closely examine these figures.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2314 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



HERMINA MORITA, Chair



