

Honolulu, Hawaii

Feb 8, 2006

RE: H.B. No. 2931
H.D. 1

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

Sir:

Your Committees on Economic Development & Business Concerns and Energy & Environmental Protection, to which was referred H.B. No. 2931 entitled:

"A BILL FOR AN ACT RELATING TO GENERATED ELECTRICITY,"

beg leave to report as follows:

The purpose of this bill is to encourage the production of electricity through renewable means by exempting, from the general excise tax assessment, "eligible customer-generators," individuals who generate their own renewable energy and sell excess amounts to the public utility company.

Hawaiian Electric Company and the Conservation Council for Hawaii testified in support of this bill. The Department of Commerce and Consumer Affairs and the Hawaii Chapter of the Sierra Club submitted testimony supporting the intent of this bill. The Department of Taxation, Public Utilities Commission, Tax Foundation of Hawaii, and an individual offered comments on this bill.

Your Committees have amended this bill by:

- (1) Specifying that the exemption from the general excise tax applies to "eligible customer-generators," who own and operate an alternative energy generating facility that is located on the customer's premises and operated in parallel with and properly connected to the electric

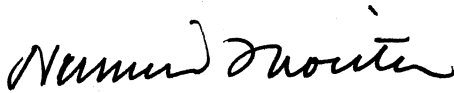


public utility's transmission and distribution facilities; and

- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Economic Development & Business Concerns and Energy & Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2931, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2931, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committees on Economic
Development & Business Concerns
and Energy & Environmental
Protection,



HERMINA MORITA, Chair



JUN RIKI KARAMATSU, Chair



