

Honolulu, Hawaii

FEB 16, 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 Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2931, H.D. 1, entitled:

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

begs 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 on generated electricity, "eligible customer generators," individuals who own and operate their own renewable energy generating facility, and under the net energy metering law, use any excess energy that they produce and feed back into the electric grid to offset their electric bills.

The Sierra Club, Hawaii Chapter, Hawaii Renewable Energy Alliance, Hawaiian Electric Company, Maui Electric Company, Hawaii Electric Light Company, and Conservation Council for Hawaii testified in support of this bill. The Public Utilities Commission and Consumer Advocate supported the intent of this measure. A concerned individual opposed this bill. The Department of Taxation and Tax Foundation of Hawaii offered comments.

Your Committee finds that the net energy metering law is intended to enable and provide incentives for electricity consumers to produce their own electricity using renewable means. One of the major incentives in this law is the ability of these eligible customer generators to offset their electricity bills

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with any excess electricity that they feed into the electric grid. This bill recognizes that these offsets should not be subject to the general excise tax on business activities. Your Committee heard testimony from the Department of Taxation that this bill will result in minimal revenue loss to the State.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2931, H.D. 1, and recommends that it be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ROBERT N. HERKES, Chair



