

STAND. COM. REP. NO. 331

Honolulu, Hawaii
Feb 13, 2007

RE: H.B. No. 1289
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1289 entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

begs leave to report as follows:

The purpose of this measure is to clarify the Public Utilities Commission's authority to consider the use of renewable energy in the State.

Your Committee has amended the measure by replacing its contents with those of H.B. No. 645 and incorporating the original contents of this measure into H.B. No. 1005. This action was necessary because of a potential constitutional problem with the title of H.B. No. 645.

The purpose of this measure, as amended, is to clarify that in order to qualify for the renewable energy technology tax credit, the renewable energy technology system must be installed and operated in the State.

The measure also removes the term "resident" with respect to a qualifying taxpayer eligible for the renewable energy technology system tax credit.

Presently, your Committee finds that the renewable energy technology system tax credit provides a generous tax incentive for property owners to install and operate solar thermal energy



systems, wind powered energy systems, or photovoltaic energy systems. There appears, however, some confusion as to whether the renewable energy technology system tax credit applies to systems installed and operated outside of the State.

This measure clarifies that the tax credit only applies to systems installed in the State.

Your Committee received favorable testimony supporting the measure from the Hawaii Renewable Energy Alliance. Your Committee also received comments from the Department of Taxation and the Tax Foundation of Hawaii.

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. 1289, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1289, H.D. 1, 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



