

STAND. COM. REP. NO.

74

Honolulu, Hawaii

FEB 08 2007

RE: S.B. No. 644

S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred S.B. No. 644 entitled:

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

begs leave to report as follows:

The purpose of this measure is increase the use of renewable energy to protect our environment, reduce pollution, and make housing more affordable.

The measure attempts to accomplish this purpose by mandating the installation of solar water heating devices in all new residential units constructed on or after January 1, 2008. It also provides an income tax credit for solar water heating devices installed in new homes prior to the mandate.

Your Committee received testimony in support of this measure from the Sierra Club, Hawai'i Chapter and Windward Ahupua'a Alliance. The Hawaii Renewable Energy Alliance submitted testimony in support of the intent of this measure with comments. Your Committee received testimony in opposition to this measure from Hawaiian Electric Company, The Gas Company, the Land Use Research Foundation of Hawaii, and the Building Industry Association- Hawaii. The Department of Taxation, the Department of Business, Economic Development, and Tourism, Hawaii Solar Energy Association, the Tax Foundation of Hawaii, and one individual submitted comments on this measure.



Your Committee finds that solar water heating is the best "clean" energy alternative for homes in Hawaii. Your Committee further finds that using fossil fuels to heat water is one of the most significant contributors to environmental pollution. Solar hot water needs to be a basic amenity in our homes, just like indoor plumbing and electricity. In addition, your Committee notes that mandating solar water heating is not a new concept. Israel has had this policy in place since 1957, recognizing the need to be petroleum independent from their neighboring countries.

Your Committee received a fiscal impact statement from the Department of Taxation indicating that this measure, if passed, would result in an annual revenue loss to the State of \$24.4 million for fiscal year 2009 and beyond.

Further, your Committee believes that affordability is essential to the success of this measure. Although solar water heating makes housing more affordable over time, an incentive is needed to set this in motion, raise awareness, and reduce the initial costs of the device.

Your Committee amended this measure by:

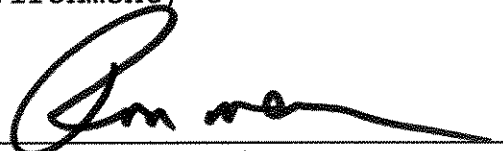
- (1) Providing a tax credit for owners of all homes, newly constructed or existing, who install a solar water heating device;
- (2) Requiring and installation inspection or a comparable quality assurance standard;
- (3) Delaying the date from which residential solar water heating becomes mandatory by one year so that solar water heating will be mandatory beginning January 1, 2009; and
- (4) Making the tax credit continuous, thus home owners who install a solar water heating device in their homes after January 1, 2009 will still be eligible for the tax credit.

Your Committee further amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 644, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 644, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment,

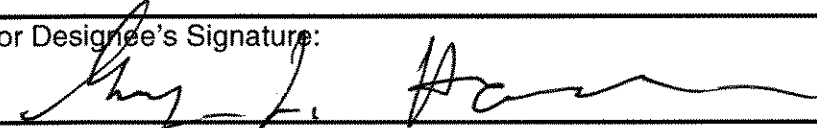


RON MENOR, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* SB 644	Committee Referral: ENE, EDT, WAM	Date: 2/06/07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
MENOR, Ron (C)	✓			
HOOSER, Gary L. (VC)	✓			
IHARA, Jr., Les				✓
KOKUBUN, Russell S.	✓			
TRIMBLE, Gordon			✓	
TOTAL	3		1	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes