

STAND. COM. REP. NO.

438

Honolulu, Hawaii

FEB 15, 2007

RE: H.B. No. 871

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

Sir:

Your Committees on Energy & Environmental Protection and
Economic Development & Business Concerns, to which was referred
H.B. No. 871 entitled:

"A BILL FOR AN ACT RELATING TO SEAWATER AIR CONDITIONING
DISTRICT COOLING SYSTEMS,"

beg leave to report as follows:

The purpose of this bill is to stimulate economic development
by supporting the production of alternative energy systems.
Specifically, the bill adds seawater air conditioning cooling
systems to the definition of "qualified business" in the state
enterprise zone law to provide tax incentives to these systems.

Testimony in support of this measure was submitted by the
Department of Business, Economic Development, and Tourism,
Honolulu Seawater Air Conditioning, LLC, the World Business
Academy, and the Hawaii Renewable Energy Alliance. The Department
of Taxation offered comments.

Currently, as relating to alternative energy resources, only
wind energy systems are considered qualified businesses within a
state enterprise zone and thus supported by the State in that
manner.

Your Committees find that it furthers the State's goal of
reducing its dependence on fossil fuel imports if other
alternative energy resources, such as seawater air conditioning
cooling systems, are supported as well. Moreover, providing

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benefits to qualified businesses in state enterprise zones stimulates business and industrial growth in areas that could profit from neighborhood revitalization.

Your Committees believe that support in the form of tax incentives available under the enterprise zone law resulting from this measure will lead to reduced costs for developers of seawater air conditioning cooling systems and for customers as well. This, in turn, should lead to a speedy adoption of this new technology and reduce not only fossil fuel imports, but global warming as well.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Economic Development & Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 871 and recommend that it pass Second Reading and be referred to the Committee on Finance.

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



KYLE T. YAMASHITA, Chair



HERMINA MORITA, Chair



