

Honolulu, Hawaii

March 20, 2008

RE: S.B. No. 644
S.D. 3
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns,
to which was referred S.B. No. 644, S.D. 3, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to lower Hawaii's dependence on
nonrenewable, imported fuels by:

- (1) Mandating that the primary water heating system for all
single-family dwellings built after January 1, 2010, be
a solar thermal device;
- (2) For these dwellings, requiring the most practical
energy-efficient device for water heating to be
installed when use of a solar water heater is
impractical or cost prohibitive; and
- (3) Restricting the Solar Thermal Energy System Tax Credit
to residences constructed before January 1, 2010.

The Department of Business, Economic Development, and
Tourism, Hawaiian Electric Company, Hawaii Electric Light Company,
Maui Electric Company, Sierra Club - Hawaii Chapter, Sierra Club -
Oahu Group, Conservation Council for Hawaii, Americans for
Democratic Action, Hawaii Chapter, and numerous concerned
individuals supported this measure. The Hawaii Renewable Energy



Alliance and Dowling Company, Inc., supported the intent of this bill. The Chamber of Commerce of Hawaii, The Gas Company, R&R Services, Inc., Building Industry Association of Hawaii, and Hawaii Island Contractor's Association opposed this bill. The Hawaii Solar Energy Association, Hawaii Solar Association, Department of Taxation, Tax Foundation of Hawaii, and Hawaii Association of REALTORS offered comments.

Your Committee recognizes the incongruity of Hawaii's energy practices with its natural resources. We import oil and fuel at enormous cost while also having some of the most abundant and diverse renewable energy resources in the nation. Your Committee feels that it is imperative that Hawaii exploit its renewable resources and finds that solar water heating systems efficiently promote this agenda. However, your Committee fears that, as written, the mandate for solar water heaters on all newly constructed homes would lead to the installation of sub-standard solar units.

Accordingly, your Committee has amended this measure by:

- (1) Allowing gas driven demand water heating appliances to be installed as an alternative to solar water heaters;
- (2) Extending a 15 percent Solar Thermal Energy System Tax Credit to single-family dwellings constructed after January 1, 2010, conditioned on continued applicability of Hawaiian Electric Company's solar water heater equipment, use, and installation standards program, including its 100-point rating scale for solar water heating units and rebate, to these solar thermal energy systems; and
- (3) Reducing the credit for single-family dwellings constructed before January 1, 2010, from 35 percent to 20 percent of the system cost.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 644, S.D. 3, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as S.B. No. 644, S.D. 3, H.D. 2.



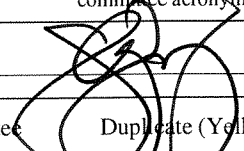
Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business
Concerns,



KYLE T. YAMASHITA, Chair



Record of Votes of the Committee on Economic Development & Business Concerns

Bill/Resolution No.: SB644 SD3 HD1	Committee Referral: HSH/EEP ,EDB ,FIN	Date: 3/18/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMASHITA, Kyle T. (C)	✓			
2. WAKAI, Glenn (VC)	✓			
3. BERG, Lyla B., Ph.D.				✓
4. BROWER, Tom	✓			
5. CHANG, Jerry L.	✓			
6. HANOHANO, Faye P.	✓			
7. HERKES, Robert N.				✓
8. MANAHAN, Joey	✓			
9. TSUJI, Clift	✓			
10. YAMANE, Ryan I.	✓			
11. CHING, Corinne W.L.				✓
12. MARUMOTO, Barbara C.		✓		
TOTAL (12)	8	1	0	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: _____ 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				