

Honolulu, Hawaii

Ajlu , 2008

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

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 644, S.D. 3, H.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this bill is to lessen Hawaii's dependence on fossil fuels by:

- (1) Requiring the installation of solar thermal or demand water heaters in single-family residences constructed after January 1, 2010;
- (2) Reducing the Renewable Energy Tax Credit (Tax Credit) to 20 percent, for solar thermal systems in single-family residences constructed before January 1, 2010; and
- (3) Extending the Tax Credit at 15 percent, on certain conditions, to residences constructed after January 1, 2010.

The Department of Business, Economic Development, and Tourism, Malama Kauai, Conservation Council for Hawaii, Sierra Club - Oahu, and numerous concerned individuals supported this bill. The Chamber of Commerce of Hawaii, Hawaiian Electric Company, Hawaii Electric Light Company, Maui Electric Company, Hawaii Solar Energy Association, Building Industry Association of

SB644 HD3 HSCR FIN HMS 2008-3510



Hawaii, Gentry Homes, Ltd., HSI Mechanical, Inc., R&R Solar Supply, Land Use Research Foundation of Hawaii, and a concerned individual opposed this measure. The Department of Taxation, Tax Foundation of Hawaii, Sierra Club - Hawaii Chapter, The Gas Company, Castle and Cooke Homes Hawaii, Hawaii Renewable Energy Alliance, Windward Ahupua'a Alliance, Life of the Land, and several concerned individuals submitted comments.

Your Committee finds that determining the best method of lessening Hawaii's dependence on fossil fuels is a complicated task with many stakeholders holding differing opinions on the right direction to take. However, in this instance, stakeholders have come together in a commendable effort to develop a compromise draft and recommend changes that will ensure specificity and clarity in this bill.

Accordingly, your Committee has amended this bill by, among other things:

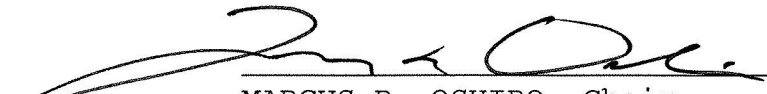
- (1) Removing amendments to the solar thermal energy systems tax credit;
- (2) Deleting the exemption from the solar thermal water heater installation mandate, for cases where the solar device would not be practicable for a particular home, and also deleting the provisions allowing the installation of a demand water heater;
- (3) Requiring solar thermal water heaters installed in homes constructed after January 1, 2010, to comply with the standards of any ratepayer financed energy efficiency rebate program administered by an electric utility or public benefit fund administrator that is in effect at the time permits are issued for the home;
- (4) Requiring the Public Benefits Fund Administrator (Fund Administrator) to support compliance verification of solar thermal water heaters installed in new single-family residences after January 1, 2010;
- (5) Including as the Fund Administrator's duties the responsibilities of:
 - (A) Maintaining or improving current residential solar thermal water heating system standards (standards);



- (B) Verifying compliance with the standards; and
 - (C) Determining the necessity for, and convening as necessary an advisory committee to review the standards;
- (6) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (7) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance 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. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 644, S.D. 3, H.D. 3.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

1660-08

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 644, SD3, HD2	Committee Referral: HSH/EEP, EDB, FIN	Date: 3-28-2008		
<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)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. AWANA, Karen Leinani	✓			
4. BELATTI, Della Au	✓			
5. BROWER, Tom	✓			
6. CARROLL, Mele				✓
7. HANOHANO, Faye P.	✓			
8. HAR, Sharon E.	✓			
9. KARAMATSU, Jon Riki	✓			
10. MAGAOAY, Michael Y.	✓			
11. MANAHAN, Joey	✓			
12. MIZUNO, John	✓			
13. NAKASONE, Bob				✓
14. RHOADS, Karl	✓			
15. SAGUM, Roland D., III				✓
16. TOKIOKA, James Kunane	✓			
17. MEYER, Colleen Rose		✓		
18. PINE, Kymberly Marcos				✓
19. WARD, Gene, Ph.D.	✓			
TOTAL (19)	14	1	0	4
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u><i>Marilyn B. Lee</i></u>				
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