

STAND. COM. REP. NO. 2779

Honolulu, Hawaii

FEB 29 2008

RE: S.B. No. 2455
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2455, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to expand the renewable energy systems tax credit to include hydrogen energy systems.

Specifically, this measure allows an income tax credit for the installation and placement into use a hydrogen energy system on a property within the State and defines the term "hydrogen energy system". The tax credit will apply to taxable years beginning after December 31, 2007. The measure authorizes tax credits of:

- (1) Thirty-five per cent of the actual cost or \$5,000 per unit for single-family residential properties, whichever is less;
- (2) Thirty-five per cent of the actual cost or \$10,000 per unit for multi-family residential properties, whichever is less; and
- (3) Thirty-five per cent of the actual cost or \$15,000 per unit for commercial properties, whichever is less.



Testimony in support of this measure was submitted by H2 Technologies, Inc., IdaTech, PLC, Kona Brewing Company, Plug Power, Inc., the National Hydrogen Association, and one concerned individual. Comments on this measure were submitted by the Department of Taxation, the Department of Business, Economic Development, and Tourism, and the Tax Foundation of Hawaii.

Your Committee finds that commercial hydrogen energy technology is an evolving means of achieving a preferred energy future for the State. The hydrogen and full cell technology have the potential to gain widespread use in Hawaii and provide an alternative source of renewable energy for electricity generation and transportation. Your Committee believes that the use of these technology applications should be encouraged through tax incentives that offset some of the costs to users.

Upon further consideration, your Committee has amended this measure by amending the definition of "hydrogen energy systems" to include equipment that produces or uses hydrogen in an electrochemical process to generate energy, electricity, or the transfer of heat.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2455, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2455, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


ROSALYN H. BAKER, Chair



