

STAND. COM. REP. NO.

2530

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 2986
S.D. 1

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

Madam:

Your Committee on Economic Development and Taxation, to which was referred S.B. No. 2986, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO REFUNDABLE RENEWABLE ENERGY TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to make the renewable energy technologies income tax credit a refundable tax credit if certain conditions are met.

Your Committee received testimony in support of this measure from the Department of Taxation; Department of Business, Economic Development, and Tourism; Hawaiian Electric Company, Inc. and its subsidiaries, Maui Electric Company, Ltd. and Hawaii Electric Company, Inc.; and Hawaii Solar Energy Association. Comments were received from the Tax Foundation of Hawaii.

Under current Hawaii law, pension income, including social security income, is not taxable. This population includes retirees that may have little other Hawaii taxable income (such as investment income) due to the exclusion, but otherwise have the resources to invest in renewable energy technologies. This measure allows such individuals to obtain those technologies with the aid of a refundable income tax credit. Eligible taxpayers include those whose entire income is exempt from taxation, or those whose adjusted gross income is \$20,000 or less (husband and wife on a joint return are considered as separate taxpayers, which allows them a combined threshold amount of \$40,000).

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The Department of Taxation stated that the annual revenue loss is estimated to be \$41,000, starting in fiscal year 2009. Their estimate in using \$20,000 or less, or \$40,000 or less for joint filers, is based on 2005 renewable energy tax credit data. The total credit claimed was \$117,304.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2986, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Taxation,



CAROL FUKUNAGA, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Economic Development and Taxation
EDT

Bill / Resolution No.:* <i>SB 2986, SD1</i>	Committee Referral: <i>ENE, EDT, WAM</i>	Date: <i>2/14/08</i>		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	/			
ESPERO, Will (VC)	/			
BAKER, Rosalyn H.	/			
ENGLISH, J. Kalani				/
IGE, David Y.	/			
SLOM, Sam	/			
TOTAL	<i>5</i>			<i>1</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center;"><i>Will Espero</i></div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes