

The **Solar**
Alliance
LATE

TESTIMONY OF THE SOLAR ALLIANCE AND THE HAWAII PV COALITION
IN REGARD
HB 3064 RELATING TO REFUNDABLE RENEWABLE ENERGY TAX CREDIT
BEFORE THE
BEFORE THE HOUSE COMMITTEE ON FINANCE
ON
TUESDAY, FEBRUARY 26, 2008 AT 11:00AM

Chair Oshiro, Vice-Chair Lee and Members of the Committee.

The Hawaii PV Coalition is a non-profit organization that represents installers, suppliers, manufacturers and customers of solar electric systems in the state of Hawaii.¹ The Solar Alliance is a state-focused alliance of solar manufacturers, integrators and financiers dedicated to accelerating the promise of photovoltaic (PV) energy in the United States.² The Hawaii PV Coalition and the Solar Alliance supports HB 3064. We believe broadening the access to the tax credit will help diversify Hawaii's energy markets and reduce Hawaii's dependence on imported energy.

We also ask the Committee to modify the current legislation to allow for the transferring of the tax credit through inserting in Section 1 "The owner of a facility may transfer a tax credit for the facility in exchange for a cash payment equal to the present value of the tax credit." This provision will also help to increase solar energy in Hawaii thereby diversifying Hawaii energy markets and reduces Hawaii's dependence on imported energy.

Currently, the tax credit is transferable within a partnership. However, this is a much more complex and cumbersome process, and results in difficulties structuring effective projects. The end result is higher costs.

The State of Oregon has a simple pass-through/transfer provision (similar to the one requested above) that has been helpful in expanding their solar program. In this system a project owner may transfer a tax credit to a partner in return for a lump-sum cash payment (the net present value of the tax credit) upon completion of the project. This system allows non-profit organizations, schools, governmental agencies, tribes, other

¹ The Hawaii PV Coalition, <http://www.hawaiipvcoalition.org/>

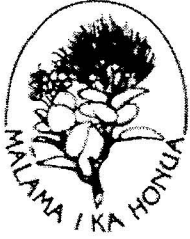
² The Solar Alliance, <http://solaralliance.org/>

public entities and businesses with and without tax liability to use the tax credit by transferring their tax credit for an eligible project to a partner with a tax liability.³

Making these credits easier to use will help Hawaii create fixed cost of energy, reducing the dependence of imported fuels, and expand the use of local natural and human resources.

We would like to thank the Committee for the opportunity to submit testimony and for the Committee's consideration.

³DSIRE Incentives by State Incentives in Oregon,
http://www.dsireusa.org/library/includes/incentive2.cfm?Incentive_Code=OR03F&state=OR&CurrentPageID=1



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LATE

HOUSE COMMITTEE ON FINANCE

February 26th, 2008, 11:00 A.M.

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HB 3064 HD1

Chair Oshiro and members of the Committee:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, supports HB 3064 HD1, providing a direct refund to retired or low income individuals for the purchase and installation of a renewable energy system.

Hawaii's renewable energy tax credits have proven incredibly successful in helping to promote the use of solar and other renewable energies in the state. Hawai'i currently leads the nation in the number of solar water heaters installed per capita (although 80% of homes still lack this basic renewable energy device).

House Bill 3064 HD1 would enable those who lack a taxable income to access the renewable energy incentive. It particularly makes sense to extend this tax credit in the form of a refund to those low-income homeowners who would most benefit from reduced energy costs provided by a solar water heater. Additionally, retired homeowners on a fixed income should be encouraged to invest as well.

Thank you for the opportunity to testify.

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KIUC

Company	Diesel use for Power Generation (gallons)	Additional 1 cent revenue impact	Total w/ Excise Tax
HECO	5,100,000	\$51,000.00	\$53,125.17
KIUC	15,000,000	\$150,000.00	\$156,250.50
HELCO	17,200,000	\$172,000.00	\$179,167.24
MECO	72,000,000	\$720,000.00	\$750,002.40
Total	109,300,000	\$1,093,000.00	\$1,138,545.31