

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

April 8, 2009

Honorable Marcus Oshiro, Chair
Committee on Finance
State Capitol, Room 308
Honolulu, HI 96813

RE: SB464, SD2, HD1 "Renewable Energy Tax Credit"

Dear Chair Oshiro and Members of the Committee on Finance:

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii supports SB464, SD2, HD1 "Renewable Energy Tax Credit" with a proposed amendment offered by the Land Use Research Foundation of Hawaii:

(g) For systems installed and placed in service, ~~in 2009, no~~ a residential home developer shall be entitled to claim the credit under subsections (a)(1) (A), (a)(2) (A), and ~~(a)(3)(A)~~ (b)(1), (b)(2) and (b)(3). A residential home developer is defined as a person who holds more than one residential dwelling for sale as inventory.

BIA-Hawaii supports the goal of reducing our reliance on fossil fuels for our energy needs. This bill, if amended, will clarify that a residential home developer may claim the tax credit for installing renewable energy technology in residences.

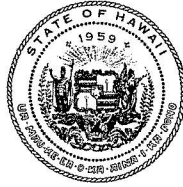
Thank you for the opportunity to share our views with you.



Chief Executive Officer
BIA-Hawaii

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



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**HOUSE COMMITTEE ON FINANCE
TESTIMONY REGARDING SB 464 SD 2 HD1
RELATING TO TAXATION**

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: APRIL 8, 2009

TIME: 4:30PM

ROOM: 308

Among other things, this measure amends the renewable energy technologies income tax credit to reorganize and clarify categories of qualifying systems, allows any taxpayer to elect refundable treatment at a reduced rate for solar energy systems, allows a low-income taxpayer to elect refundable treatment for any system, and clarifies that any portion of a system required to be installed pursuant to the solar water heater mandate is ineligible for the credit.

The Department of Taxation **supports** this measure.

SUPPORT FOR ALTERNATIVE ENERGY—The Department strongly supports the encouragement and implementation of alternative energy systems in Hawaii in order to lessen the State's dependence on alternative energy. As fossil fuel and petroleum prices become more volatile, Hawaii's ability to generate its own energy will make the State more secure and less reliant on others.

EFFECTIVE DATE – The Department requests that the effective date for this measure be **on or after July 1, 2009**. The effective date for this particular measure does not need to be tied to any particular tax year.

REVENUE LOSS—If the effective date is amended to be current, the estimated cost of this proposal will be about \$0.2 million annually.