

Honolulu, Hawaii

March 17, 2010

RE: S.B. No. 1675  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 1675, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to allow existing net-metered energy customers to remain with their present net metering program in the event that the Public Utilities Commission develops alternate programs for those customers.

After due consideration, your Committee conducted a hearing on a proposed draft that deleted the contents of the measure and instead provided a general excise tax exemption for nonprofit organizations that install renewal energy technology systems for their exclusive use.

Your Committee received testimony in support of the proposed draft of the measure from the Department of Business, Economic Development, and Tourism, the Hawaiian Electric Company, Central Union Church, and a concerned citizen. The Department of Taxation testified in opposition to the measure. The Tax Foundation of Hawaii commented on the measure.

Your Committee finds that a tax incentive for the installation of renewable energy technology systems is currently provided by the State through the renewal energy technologies



income tax credit in section 235-12.5, Hawaii Revised Statutes. However, nonprofit organizations that are exempt from income taxation are denied the benefit of the tax credit because of their exempt status.

To remedy this inequity, this measure provides a tax incentive to nonprofit organizations by providing an exemption from the general excise tax paid by these organizations for certain revenue-generating activities. The general excise tax exemption will be limited to a percentage of the actual cost, up to a specified amount, of the nonprofit organization's cost of installing an eligible renewable energy technology system. It is the intent of your Committee, however, to restrict the general excise tax exemption to revenue generating activities that benefit the public and not include those that are merely recreational in nature or that do not further the public good.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1675, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1675, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy &  
Environmental Protection,



---

HERMINA MORITA, Chair



State of Hawaii  
House of Representatives  
The Twenty-fifth Legislature

HSCR 798-10

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: SB 1675 SD2	Committee Referral: EEP, <del>GRE</del> FIN <sup>DE</sup>	Date: 3-16-2010		
<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)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. MORITA, Hermina M. (C)	✓			
2. COFFMAN, Denny (VC)	✓			
3. CABANILLA, Rida				✓
4. CHANG, Jerry L.				✓
5. CHONG, Pono				✓
6. HAR, Sharon E.	✓			
7. HERKES, Robert N.	✓			
8. ITO, Ken				✓
9. LEE, Chris	✓			
10. LUKE, Sylvia	✓			
11. SAGUM, Roland D., III				✓
12. CHING, Corinne W.L.		✓		
13. THIELEN, Cynthia		✓		
TOTAL (13)	6	2	0	5
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. _____ committee acronym(s)				
Vice Chair's or designee's signature: <u>Denny Coffman</u>				
Distribution: Original (White) – Committee      Duplicate (Yellow) – Chief Clerk's Office      Duplicate (Pink) – HMSO				