

Honolulu, Hawaii

FEB - 5 2010

RE: S.B. No. 2294  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred S.B. No. 2294 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to revise the renewable energy technologies income tax credit to provide tax incentives that make financial sense for investors wanting to develop large, commercial renewable energy projects in the State.

Specifically, this measure:

- (1) Expands the renewable energy technologies income tax credit for renewable energy projects installed on commercial properties;
- (2) Reduces the credit reduction for taxpayers seeking a refundable tax credit for renewable energy projects on commercial property;
- (3) Authorizes the renewable energy technologies income tax credit to be transferred between taxpayers; and
- (4) Expressly permits insurance companies to be eligible to claim the renewable energy technologies income tax credit.



Testimony in support of the measure was submitted by one state agency and one organization. One organization submitted comments. Testimony in opposition was submitted by one state agency and two organizations. Written testimony presented to the Committee may be reviewed on the Legislature's website.

This measure is one of the recommendations of the Technology Caucus Work Group, convened following the Regular Session of 2009 by the Senate Committee on Economic Development and Technology and the House Committee on Economic Revitalization, Business and Military Affairs. The Work Group brought together industry stakeholders and policy makers to develop recommendations to enhance Hawaii's struggling economy.

Your Committee finds that the premium tax on insurers in Hawaii is the highest premium tax of any state in the nation, and providing insurers access to the renewable energy technologies income tax credit can mitigate Hawaii's high premium tax and provide incentives for investment in important sectors of Hawaii's economy. Your Committee recognizes, however, the Department of Taxation's concerns with regard to the transferability of the tax credit, and the Department's lack of infrastructure to regulate credit transfers. This measure will accelerate investment in Hawaii's clean energy future and yield numerous benefits including creating jobs, reducing Hawaii's dependency on imported fossil fuel, reducing greenhouse gas emissions, and accelerating economic development.

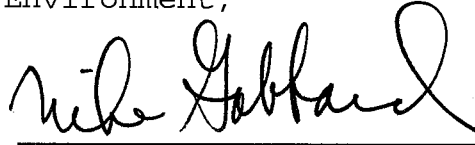
Your Committee has amended this measure by:

- (1) Adopting the recommendation of the Department of Taxation to remove the authorization to transfer the renewable energy technologies income tax credit; and
- (2) Making technical, nonsubstantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2294, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2294, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Energy and  
Environment,



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MIKE GABBARD, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Energy and Environment**  
**ENE**

Bill / Resolution No.:* <b>SB 2294</b>	Committee Referral: <b>ENE, WAM</b>	Date: <b>28 Jan 2010</b>		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	/			
ENGLISH, J. Kalani (VC)	/			
GREEN, M.D., Josh	/			
HOOSER, Gary L.	/			
IHARA, Jr., Les				/
KOKUBUN, Russell S.				/
HEMMINGS, Fred				/
<b>TOTAL</b>	<b>4</b>			<b>3</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original             Yellow             Pink             Goldenrod File with Committee Report             Clerk's Office             Drafting Agency             Committee File Copy				

\*Only one measure per Record of Votes