

Bill No. SB1675

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**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
TESTIMONY REGARDING SB 1675 SD 2 PROPOSED HD 1
RELATING TO RENEWABLE ENERGY**

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

**DATE: MARCH 11, 2010
TIME: 10AM
ROOM: 325**

This measure, among other things, provides nonprofit organizations a general excise tax exemption for installations of renewable energy systems.

The Department of Taxation (Department) opposes this measure because of any possible unbudgeted revenue impact.

AMEND THE BILL TO EXEMPT GROSS RECEIPTS FROM THE INSTALLATION FOR NONPROFITS—The Department suggests amending the bill to clearly exempt gross receipts received from nonprofit organizations for the installation of renewable energy systems. Such an amendment will allow the for-profit taxpayers to exempt the general excise tax on installations for nonprofits.

§237-24.75 Additional exemptions. In addition to the amounts exempt under section 237-24, this chapter shall not apply to:

- (4) Amounts received from a nonprofit organization exempt from taxes under this chapter for the actual cost of renewable energy technology systems installed and placed in service as defined in section 235-12.5. For purposes of this paragraph, "actual cost" means costs related to the renewable energy technology system, including accessories and installation, but not including the cost of consumer incentive premiums unrelated to the operation of the system or offered with the sale of the system and costs for which another exemption is claimed under this chapter.

OPPOSED TO UNBUDGETED REVENUE LOSS—The Department cannot support the tax provision in this measure because it is not factored into the budget. The Department must be cognizant of the biennium budget and financial plan. This measure has not been factored into either. Given the forecasted decrease in revenue projections, this measure would add to the budget shortfall.

INDETERMINATE REVENUE LOSS—This measure will result in an indeterminate revenue loss because the amounts are blank.