



Via Capitol Website

February 3, 2009

**Senate Committee on Energy and Environment
 Hearing Date: Tuesday, February 3, 2009, 2:45 p.m. in CR 225**

**Testimony in Support of Removing Restriction on Income Tax Credits,
 Allowing Tax Credits Regardless of Building Permit Issuance Date and
 in Opposition to Preventing Home Developers From Claiming The
 Renewable Energy Technology Tax Credits
 SB 554 – Relating Energy Resources
 (Amendments to Tax Credit for Renewable Energy)**

The Honorable Chair Mike Gabbard, Vice-Chair J. Kalani English &
 Energy and Environment Committee Members:

Dear Chair Gabbard, Vice-Chair English and Members:

My name is David Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF and its members understand that Hawaii is particularly at risk during times of energy shortages, that we must reduce our dependence on fossil fuels and that we must start to employ other clean and efficient sources of energy for our residences. As such, LURF members support and employ solar energy or comparable renewable energy devices in their residential projects, and are taking the following position regarding this bill:

- LURF supports the general intent of this SB 554, and **strongly supports the increase in tax credit incentives** for solar thermal energy systems without a date restriction.
- LURF is **opposed to the repeal of those tax credits**, as applicable to residential home developers in subsection (g).

SB 554. This bill removes restriction on income tax credit for solar thermal energy systems installed in single-family residential property; makes tax credit applicable regardless of when building permit was issued; provides that renewable energy technologies tax credits for systems installed and placed in service after 12/31/08 for single-family residential properties may not be claimed by residential home developers.

LURF's Position.

- We support the removal of the restriction on the income tax credit for solar thermal energy systems installed in single-family residential property.
- We support making the tax credit applicable regardless of when the building permit was issued.
- We oppose the new proposed provision, which would prevent residential home developers from claiming the renewable energy technology tax credits for systems installed and placed in service after December 31, 2008 for single family residential property.

Concerns with Bill. The bill's requirements are impracticable and unfair:

- **Removes Incentive for Developers.** Disallowing tax incentives for home developers will have a significant impact on current projects being developed. For example, if developers have already calculated their budget for a particular project and projections for 2010 and beyond, and included the income tax credit under HRS §235-12.5, removing the applicable tax credit could jeopardize the completion of the project.
- **Effective Date.** The bill, which would become effective upon approval, would have a major detrimental impact on current projects and make such projects impracticable and unfeasible given these hard economic times for developers and even small lot owners who want to develop multi-family residential units.

Thank you for the opportunity to express our concerns on this matter.