

Honolulu, Hawaii

APR 05 2012

RE: H.B. No. 2417
H.D. 2
S.D. 2

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2417, H.D. 2, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to amend the application and amount of the State's tax credit for renewable energy technology systems.

Specifically, the measure resolves issues with the administrative efficiency of the tax credit for solar electricity generating systems and lowers the financial exposure of the general fund to the credit by:

- (1) Distinguishing solar electricity generating systems from solar energy systems;
- (2) Amending the tax credit amounts for solar electricity generating systems by categorizing them into utility scale and non-utility scale systems and establishing the tax credits as follows:
 - (A) For solar electricity generating systems that are non-utility scale, a tax credit of thirty-five per



cent of actual costs prior to the 2013 tax year and declining by five per cent annually, ending at twenty per cent during or after the 2015 tax year; or

- (B) For solar electricity generating systems that are utility scale, a tax credit that is based on production, rather than construction, in the amount of 11.5 cents per kilowatt hour generated during the first one hundred twenty months of the operation of a utility scale solar electricity generating system installed after the 2012 tax year; provided that projects with contracts approved by the Public Utilities Commission prior to the end of the 2013 tax year have the option of using the tax credit as it existed on the date that the contract was submitted to the Public Utilities Commission, rather than using the new tax credit for utility scale solar electricity generating systems proposed by this measure;
- (3) Increasing the cap amounts of the tax credit that may be claimed for single-family residential and multi-family residential properties, if the primary purpose of the solar energy system is to use energy from the sun to heat water for household use;
- (4) Defining the terms "solar electricity generating system" and "utility scale solar electricity generating system";
- (5) Requiring tax filers claiming the tax credit for utility scale solar electricity generating systems to document each system's production for that tax year; and
- (6) Making the tax credit for non-utility scale solar electricity generating systems fully refundable without the necessity of reducing the eligible credit amount for systems installed during or after the 2016 tax year.



Written comments in support of the measure were submitted by Forest City Hawaii; Hawaii PV Coalition; and Solar Energy Industries Association. Written comments in opposition to the measure were submitted by the Department of Business, Economic Development, and Tourism. Written comments on the measure were submitted by ProVision Solar Incorporated.


Your Committee finds that this measure addresses the challenges posed by the current tax credit for solar electricity generating systems without compromising construction activity and employment created by the solar industry. Your Committee believes that this measure strikes an appropriate balance between the acceptable levels of financial exposure of the general fund to the tax credit and maintaining investment in the solar industry.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to facilitate further discussion on this measure; and
- (2) Making technical nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2417, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2417, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




DAVID Y. IGE, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
HB2417 HD2 SDI	EWE, WAM	3-29-12
<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
IGE, David Y. (C)	/	
KIDANI, Michelle N. (VC)	/	
CHUN OAKLAND, Suzanne	/	
DELA CRUZ, Donovan M.	/	
ENGLISH, J. Kalani	/	
ESPERO, Will	/	
FUKUNAGA, Carol	/	
KIM, Donna Mercado	/	
KAHELE, Gilbert		/
KOUCHI, Ronald D.	/	
RYAN, Pohai	/	
TOKUDA, Jill N.	/	
WAKAI, Glenn	/	
SLOM, Sam	/	
TOTAL	13	0
	0	1
Recommendation:		
<input checked="" type="checkbox"/> Adopted	<input type="checkbox"/> Not Adopted	
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency
	Goldenrod Committee File Copy	

*Only one measure per Record of Votes