

STAND. COM. REP. NO.

245

Honolulu, Hawaii

Feb 14, 2011

RE: H.B. No. 566

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 566 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to assist the State in addressing its projected revenue shortfall by placing an annual aggregate cap of \$7,000,000 on the Renewable Energy Technologies Income Tax Credit (Tax Credit).

The Department of Taxation; Energy Commissioner of the County of Maui; Beachside Solar Technologies; Kairos Energy Capital LLC; Meridian 158 LLC; Sierra Club-Hawaii Chapter; S&B Energy LLC; Levin & Hu, LLP; Scatec Solar North America, Inc.; Haleakala Solar Inc.; Inter-Island Solar Supply; Green Power Projects LLC; Hawaii Renewable Energy Alliance; Sunetric; Energy Industries LLC; Firs Wind; Forest City Sustainable Resources LLC; Rising Sun Solar Electric LLC; 21st Century Technologies Hawaii; Axio Power; Hawaii PV Coalition; Grand Solar, Inc.; Hoku Corporation; Northern Power Systems; Island Pacific Energy LLC; RevoluSun LLC; Hawaii Solar Energy Association; Blue Planet Foundation; The Solar Alliance; SunRun Inc.; Sunpower Systems Corporation; Islandwide Solar LLC; SolarCity; Sopogy, Inc.; and several concerned individuals testified in opposition to this bill. The Department of Business, Economic Development and Tourism (DBEDT) and Tax Foundation of Hawaii provided comments.

HB566 HD1 HSCR EEP HMS 2011-2020



Hawaii is one of the most fossil fuel dependent states in the nation with a majority of our oil being imported. At the same time, Hawaii has among some of the most abundant renewable energy resources in the world, in the form of geothermal, wind, biomass, and ocean energy assets, but particularly solar. Encouraging the use of renewable energy technology systems in Hawaii, as was done in 2003 when an income tax credit was established to offset the cost of installing and placing renewable energy technology systems into service, will reduce fossil fuel imports, improve Hawaii's energy security, diversify the economy, and protect Hawaii's natural environment.

While your Committee understands that placing an aggregate cap on the Tax Credit will assist the State in addressing its financial needs, the State must remain committed to the use of renewable energy and must send a clear signal to the renewable energy industry about this commitment. Accordingly, your Committee has amended this bill by deleting its contents and replacing it with language that:

- (1) Requires a renewable energy technology system to be placed in service prior to December 31, 2016, to be eligible for the Tax Credit;
- (2) Delays the beginning of the payout for refundable tax credits claimed in 2012 to July 1, 2013; and
- (3) Requires DBEDT to complete an assessment on the effectiveness and ongoing need for the renewable energy technologies tax credit after 2016 by October 1, 2014.

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 H.B. No. 566, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 566, 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,

Denny Coffman Vice Chair

for HERMINA MORITA, Chair



