

Honolulu, Hawaii

FEB 14 2011

RE: S.B. No. 1479

S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Energy and Environment, to which was referred S.B. No. 1479 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose and intent of this measure is to provide an income tax credit to qualified taxpayers that provides an incentive for the installation of clean energy storage systems to address the issue of intermittency raised by the use of solar and wind energy and to help provide an increasing amount of clean energy storage on Hawaii's electric grids.

Your Committee received testimony in support of this measure from Jeff Mikulina, Blue Planet Foundation; Brian Bell; Michael Reed Gach; and Pualani Ramos. Your Committee received comments on this measure from Richard C. Lim, Department of Business, Economic Development, and Tourism; Frederick D. Pablo, Department of Taxation; and the Tax Foundation of Hawaii.

Your Committee finds that to make full use of Hawaii's wind and solar energy resources the ability to store energy is necessary and that energy storage, whether through batteries, ultra-capacitors, or some other technology, will be integral to the State of Hawaii meeting its renewable portfolio standards in the future. Your Committee finds that the tax credit in this measure will make a critical difference in the adoption rate of clean energy storage technology.



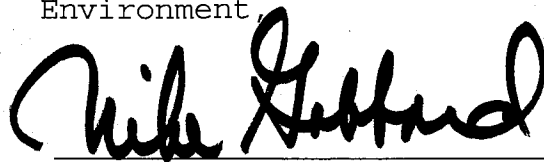
Your Committee recognizes that the definition of a clean energy storage system needs to be specific enough that the tax credit is applied to the type of system that will assist in achieving this measure's intent of providing an increasing amount of clean energy storage on Hawaii's electric grids and that it is applied to storage systems used primarily to reduce peak energy requirements on the site where the storage is located.

Accordingly, your Committee has amended this measure by;

- (1) Expanding on the definition of "clean energy storage system" to specify that a qualifying system must be able to store and provide output for a certain amount of clean energy and to have a certain rate of roundtrip energy storage efficiency, as well as provide supplemental energy primarily on the site where the clean energy is stored; and
- (2) Changing the effective date to upon approval and making the measure applicable to taxable years beginning after December 31, 2011.

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. 1479, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1479, 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,



MIKE GABBARD, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1479	ENE, WAM	8 Feb 2011		
<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	/			
IHARA, Jr., Les	/			
SLOM, Sam		/		
TOTAL	4	1	0	
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>John English</i>				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes