

Honolulu, Hawaii

March 23, 2012

RE: S.B. No. 2288
S.D. 1
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 2288, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this measure as received by your Committee is to provide cost savings to the State, improve energy efficiency in state facilities, and increase construction jobs by establishing a two-year pilot program using the negotiated partner approach to execute energy savings performance contracts exempt from the requirements of the state procurement code.

Prior to the hearing, your Committee circulated, made available for comment, and received testimony on a Proposed House Draft 1. As amended, the purpose of S.B. No. 2288 Proposed House Draft 1 is to ensure the cost effectiveness of renewable energy technology projects by, among other things:

- (1) Disallowing a taxpayer to claim a tax credit for renewable energy technologies for installing a renewable energy system for, or entering into a power purchase agreement with, a county, state, or federal agency;
- (2) Applying the renewable energy technologies credit on a per-property basis;



- (3) Increasing the tax credit for renewable energy technologies systems installed on various types of properties;
- (4) Authorizing the issuance of general obligation bonds to purchase renewable energy systems for state facilities; and
- (5) Applying the tax credit for renewable energy technologies systems to taxable years beginning after December 31, 2012.

The Department of Business, Economic Development, and Tourism, and three concerned individuals testified in support of this measure. The Department of Taxation testified in support of the intent of this measure. The Department of Design and Construction of the City and County of Honolulu, Hawaii PV Coalition, Solar Energy Industries Association, Sunrun, Sun Power, Forest City Hawaii, Hawaii Renewable Energy Alliance, Sierra Club Hawaii Chapter, Blue Planet Foundation, and a concerned individual testified in opposition to this measure. The Tax Foundation of Hawaii provided comments.

Your Committee does note the concerns raised by the Department of Business, Economic Development, and Tourism, that prohibiting a taxpayer from claiming a State tax credit for installing a renewable energy system or entering into a power purchase agreement with any state, county, and federal agency would deprive public jurisdictions of the benefit of stabilized utility costs. Nevertheless, your Committee finds that this matter deserves further consideration and respectfully requests the Committee on Finance to take this issue under advisement should the Committee on Finance decide to hear this measure.

After further consideration, your Committee has amended this measure by adopting the contents contained in S.B. No. 2288, Proposed House Draft 1, and has further amended this measure by making technical, nonsubstantive amendments for clarity, consistency, and style.



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 S.B. No. 2288, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2288, S.D. 1, 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,

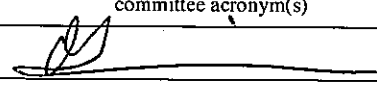
Denny Coffman

DENNY COFFMAN, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: SB 2288 SD1	Committee Referral: EEP, FIN	Date: 3/22/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. COFFMAN, Denny (C)	✓			
2. KAWAKAMI, Derek S.K. (VC)	✓			
3. CABANILLA, Rida T.R.				/
4. CARROLL, Mele				/
5. CHANG, Jerry L.	✓			
6. HAR, Sharon E.	✓			
7. HERKES, Robert N.				/
8. ITO, Ken	✓			
9. NAKASHIMA, Mark M.	✓			
10. RIVIERE, Gil	✓			
11. THIELEN, Cynthia			✓	
TOTAL (11)	7		1	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				