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## LATE TESTIMONY

### HOUSE COMMITTEES ON ECONOMIC REVITALIZATION & BUSINESS AND ENERGY & ENVIRONMENTAL PROTECTION

#### TESTIMONY OF THE DEPARTMENT OF TAXATION REGARDING SB 1164, SD 2 RELATING TO ENTERPRISE ZONES

**TESTIFIER:** FREDERICK D. PABLO, DIRECTOR OF TAXATION (OR  
DESIGNEE)  
**COMMITTEE:** ERB/EEP  
**DATE:** MARCH 22, 2011  
**TIME:** 10:30AM  
**POSITION:** NO POSITION

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This bill would include within the definition of "eligible business activity," any business engaged in producing air conditioning from a seawater air conditioning district cooling system for purposes of the State Enterprise Zone tax incentives. It would also expand the inclusion of wind powered electric production to include all renewable energy means of production as defined in section 269-91.

The Department of Taxation (Department) takes **no position** on this measure.

For the committee's reference, here is the Department's estimated revenue impact. No impact due to the defective effective date, however if the effective date is changed back to when the bill is passed, the potential tax credits/revenue losses are as follows:

		FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Total EZ tax credits	(millions)	6.2	6.3	2.5	6.7	8.2	10.3	5.9

**Testimony before the LATE TESTIMONY  
House Committees on**

**Economic Revitalization & Business**

**Energy & Environmental Protection**

**S.B. 1164 S.D. 2 – Relating to Enterprise Zones**

**Tuesday, March 22, 2011  
10:30 am, Conference Room 312**

**By Arthur Seki  
Director of Renewable Technology  
Hawaiian Electric Company, Inc.**

Chairs McKelvey and Coffman, Vice Chair Choy and members of the Committees:

My name is Arthur Seki—I am the Director of Renewable Technology at Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric Company (HECO) and its subsidiaries, Maui Electric Company (MECO) and Hawaii Electric Light Company (HELCO) hereinafter collectively referred to as HECO.

HECO strongly supports S.B. 1164 S.D. 2, which amends the state enterprise zone language to include all renewable energy development. Land availability and incentives for renewable energy development continue to be issues.

Thank you for the opportunity to present this testimony.



Committee: House ERB/EEP  
Room: 312  
Hearing Date: 3/22/2011 10:30:00AM  
Measure: SB 1164 Enterprise Zone Expansion

Chair McKelvey, Chair Morita and Honorable Members of the Committees,

Mahalo for the opportunity to submit testimony in **SUPPORT** of SB 1164 SD 1, a measure that would expand eligibility of the Enterprise Zone program to all types of renewable energy technology.

The potential savings on just the GET Contractor exemption offered by this program would represent a 2% capital budget savings on Moku Power's first planned Power Tube clean geothermal alone. This alone could be a make or break for the successful development of our emerging technology.

Literally, according to HECO's analysis for the Tier III Feed-In Tariff Program, the cost of capital for renewable energy projects is generally 2% more in the Hawai'i financial market.

Thank you for your support of SB 1164. Now, more than ever, is the time to invest in Hawai'i's clean energy future.

sincerely,  
Shawn James Leavey  
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