

Honolulu, Hawaii

MAR 01 2013

RE: S.B. No. 623
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 623, 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:

- (1) Replace the current renewable energy technology systems tax credit with tax credits for solar energy property and wind energy property; and
- (2) Require the Department of Taxation, in collaboration with the Department of Business, Economic Development, and Tourism, to report to the Legislature regarding tax credits claimed under section 235-12.5, Hawaii Revised Statutes.

Your Committee received written comments in support of this measure from the Department of Business, Economic Development, and Tourism; Blue Planet Foundation; Distributed Energy Partners; First Wind; Hawaii PV Coalition; Hawaii Renewable Energy Alliance; Hawaii Solar Energy Association; Inter-Island Solar Supply; Kairos Energy Capital LLC; Keahole Solar Power LLC; Mainstream Energy Corporation; RevoluSun; Sovereign Councils of the Hawaiian Homelands Assembly; SunEdison; Sunrun Inc.; SunPower Systems, Corporation; SolarCity; The Pacific Resource Partnership; Ulupono Initiative; and four individuals.



Your Committee received written comments in opposition to this measure from the Sierra Club, Hawaii Chapter; and Kauai Island Utility Cooperative.

Your Committee received written comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and Forest City Hawaii.

Your Committee finds that providing tax credits to reimburse taxpayers for a portion of the cost of installing solar and wind energy properties promotes the State's goals of energy self-sufficiency and renewable energy production. Your Committee also finds that this measure amends section 235-12.5, Hawaii Revised Statutes, to administer these tax credits in a more balanced manner.

Your Committee has amended this measure by:

- (1) Changing the amounts of the tax credit for all solar energy properties and the cap amount of the tax credit for each wind energy property to unspecified amounts;
- (2) Establishing an unspecified cap amount on the tax credit for a solar energy property that is used to generate electricity and is one megawatt or larger in alternating current capacity;
- (3) Changing the date by which a solar energy property that has the capacity to generate one megawatt or more in alternating current electricity must demonstrate eligibility for the alternate tax rate from December 31, 2012, to December 31, 2013;
- (4) Deleting the provisions that prohibited tax credits for:
 - (A) Any entity referred to in section 54(j)(4) of the Internal Revenue Code; or
 - (B) Any partnership or other pass-thru entity that has as a partner or other holder of an equity or profits interest that is:
 - (i) Any entity referred to in section 54(j)(4) of the Internal Revenue Code; or

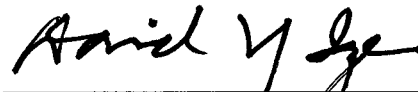


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- (ii) Any federal, state, or local government or any political subdivision, agency, or instrumentality thereof;
- (5) Replacing the term "system" with the term "property" in certain instances, as appropriate;
- (6) Deleting the definition of the term "competitive bid solar energy property";
- (7) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (8) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

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 S.B. No. 623, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 623, S.D. 2.

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

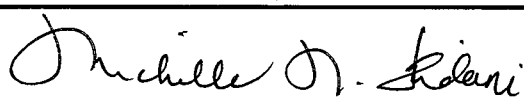


DAVID Y. IGE, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 623, SD1	ENE, WAM	2-27-13		
<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	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.				✓
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.				✓
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam		✓		
TOTAL	10	1	0	2
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