



Hawaii Solar Energy Association
Serving Hawaii Since 1977

Before the House Committee on Consumer Protection & Commerce
Monday, February 11, 2013, 3:30 pm, Conference Room 325
HB 1228: RELATING TO TAXATION

Aloha Chair McKelvey, Vice-Chair Kawakami, and members of the House Committee on Consumer Protection & Commerce,

On behalf of the Hawaii Solar Energy Association (HSEA), I would like to testify **in support of HB 1228** which provides that administrative rules that require a renewable energy technology system to meet an output capacity requirement in order to be eligible to claim a tax credit shall not apply to a taxpayer whose adjusted gross income is \$100,000 or less. HSEA is a non-profit trade organization that has advocated for both solar hot water and photovoltaics since 1977, with an emphasis on residential distributed generation (DG) and commercial SHW and PV. With 35 years of advocacy behind us, HSEA's goal is to work for a sustainable energy future for all of Hawaii.

Current temporary administrative rules reduce the incentive for average sized systems

Under the current administrative rules that govern the renewable energy tax credit, the application of the credit depends upon the system size. Although the admin rules attempt to create a system that is fair and clear by defining the word "system," the end result has been a framework that applies the tax credit unevenly, depending upon the system size. For instance, if a tax payer installed a 2.5 kW sized system (about 10 PV panels), the tax incentive will be 35% of the basis of the system, which is no change from the previous tax treatment. However, if the same customer put in a 6 kW sized system (the average sized system), the effective tax credit will be approximately 20% of the basis, thus adding about \$5,000 to the cost of the system.

HB 1228 would allow a taxpayer with a gross income of \$100,000 or less to make the best use of the tax incentives without being penalized for wishing to put in an averaged sized system.

Thank you for the opportunity to testify.

Leslie Cole-Brooks
Executive Director
Hawaii Solar Energy Association