

From: Bob Johnston [grj@landtecinc.com]
Sent: Tuesday, February 05, 2013 2:23 PM
To: EEPtestimony
Subject: HB756

HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Tuesday, February 5, 2013 – 10 a.m. – Room 325

Testimony in Support of HB 756 Relating to Renewable Energy

Chair Lee, Vice Chair Thielen, and Members of the Committee:

Hawaii Pacific Solar LLC (HPS) – Is a Hawaii Limited Liability Company and an established installer of photovoltaic solar energy systems. HPS holds a C13 electrical contractor license and specializes in the installation of commercial and utility grade systems for government, military and educational institutions.

In 2011 HPS was awarded a contract by the State of Hawaii Department of Education for installation of photovoltaic systems on 28 schools on Oahu totaling over 5.73 Megawatts. HPS was also awarded a contract to install solar photovoltaic systems on all schools on Kauai totaling an additional 3 megawatts.

Hawaii Pacific Solar **strongly supports** HB 756, which will make much needed reforms to the Renewable Energy Technologies Income Tax Credit ("RETITC") that reduce the credit's cost to the state and make it easier for the Department of Taxation to administer and for the public to understand, while maintaining the viability of the solar industry. In doing so, HB 756 allows solar energy to continue helping Hawaii meet its ambitious renewable energy goals while retaining construction sector employment.

Hawaii Pacific Solar believes HB 756 is the right approach for the following reasons:

- **Easy to Administer.** HB 756 follows the basic framework of federal law, and allows federal guidance to be applied to Hawai'i's credit, which is consistent with the State's general tax policy. The terms used in HB 756 also are drawn directly from the law's federal investment tax credit and production tax credit counterparts. This will remove ambiguities in the existing law and make it easier for the Department of Taxation to administer the credit.
- **Predictable Rampdown.** HB 756 ramps the tax credit down evenly and predictably until the investment tax credit levels off at 10% in 2018 and the production tax credit sunsets in 2019. This gradual and measured approach will minimize shocks to Hawai'i's renewable energy industry and allow it to adjust to lower incentive levels. This allows the deployment of solar energy systems to continue at lower costs as both prices and incentive levels steadily decline. A more severe and immediate reduction in the level of the credit would likely cause the industry to contract, leading to layoffs, unemployment, and the flight of capital.
- **Maximizes Installation of Renewable Energy.** By preserving the viability of all segments of Hawai'i's solar industry—residential, commercial, and utility-scale—HB 756 will lead to a high

level of renewable energy installation at a relatively low cost to the state. This will maximize the use of state tax dollars and keep Hawai'i on the path to achieving its clean energy goals.

- Reduces Costs to State. By creating a production tax credit for utility scale projects (which is optional for other projects) the state will be able to spread out its costs for these larger projects over a ten-year period. This will avoid a spike in tax credit expenditures over the next few years when these utility-scale projects come on line.

For these reasons, we support HB 756 and urge you to pass it as drafted. Thank you for the opportunity to provide this testimony.

Sincerely,



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Chair Lee, Vice Chair Thielen, and Members of the Committee:

Rising Sun Solar **strongly supports** HB 756, which will make much needed reforms to the Renewable Energy Technologies Income Tax Credit ("RETITC") that reduce the credit's cost to the state and make it easier for the Department of Taxation to administer and for the public to understand, while maintaining the viability of the solar industry. In doing so, HB 756 allows solar energy to continue helping Hawaii meet its ambitious renewable energy goals while retaining construction sector employment.

Rising Sun Solar believes HB 756 is the right approach for the following reasons:

- **Easy to Administer.** HB 756 follows the basic framework of federal law, and allows federal guidance to be applied to Hawai'i's credit, which is consistent with the State's general tax policy. The terms used in HB 756 also are drawn directly from the law's federal investment tax credit and production tax credit counterparts. This will remove ambiguities in the existing law and make it easier for the Department of Taxation to administer the credit.
- **Predictable Rampdown.** HB 756 ramps the tax credit down evenly and predictably until the investment tax credit levels off at 10% in 2018 and the production tax credit sunsets in 2019. This gradual and measured approach will minimize shocks to Hawai'i's renewable energy industry and allow it to adjust to lower incentive levels. This allows the deployment of solar energy systems to continue at lower costs as both prices and incentive levels steadily decline. A more severe and immediate reduction in the level of the credit would likely cause the industry to contract, leading to layoffs, unemployment, and the flight of capital.
- **Maximizes Installation of Renewable Energy.** By preserving the viability of all segments of Hawai'i's solar industry—residential, commercial, and utility-scale—HB 756 will lead to a high level of renewable energy installation at a relatively low cost to the state. This will maximize the use of state tax dollars and keep Hawai'i on the path to achieving its clean energy goals.
- **Reduces Costs to State.** By creating a production tax credit for utility scale projects (which is optional for other projects) the state will be able to spread out its costs for

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these larger projects over a ten-year period. This will avoid a spike in tax credit expenditures over the next few years when these utility-scale projects come on line.

For these reasons, we support HB 756 and urge you to pass it as drafted. Thank you for the opportunity to provide this testimony.

Sincerely,

Bradley Albert
Owner

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