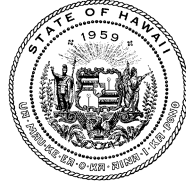


NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1530
FAX NO: (808) 587-1584

FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR

LATE

To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Consumer Protection & Commerce

Date: Monday, April 1, 2013
Time: 2:00 p.m.
Place: Conference Room 308, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. 623 S.D.2 H.D.2 Relating to Renewable Energy

The Department of Taxation (Department) **appreciates the intent** of S.B. 623 S.D.2, H.D.2, and provides the following summary and comments for your consideration.

Section 1 of this bill amends Hawaii Revised Statutes (HRS) section 235-12.5 by:

- Providing a renewable energy credit for solar water heaters at a rate of 35% with caps of unspecified amounts for single-family residential applications, multi-family residential applications, and commercial application.
- Providing a renewable energy tax credit for solar energy property that has an alternating current capacity which is less than one megawatt at an unspecified rate for solar energy property placed in service between January 1, 2013 and December 31, 2013, an unspecified rate between January 1, 2014 and December 31, 2015, an unspecified rate between January 1, 2016 and December 31, 2017, and an unspecified rate thereafter.

For this type and size of energy property installed and placed into service, the Department prefers the language of H.B. 967, which offers the credit at a lower rate but removes the cap on the tax credit. Removal of the cap without a concurrent reduction in the percentage of tax credit allowed will result in a much greater revenue loss to the State.

Additionally, the Department prefers that the tax credit be a fixed percentage, rather than a sliding scale, as it will be substantially easier for the Department to administer and for taxpayers to properly claim the tax credit. The Department notes that declining rates for

each year will create an unnecessary rush for energy property be installed and placed in service at the end of each year. This rush will cause compliance and enforcement issues for the Department and taxpayers, who have an incentive to claim the tax credit in the earlier year.

Based on inquiries to the Department at the end of each calendar year, the Department has serious concerns about the accuracy of tax information some renewable energy installers have provided to taxpayers with respect to the taxable year in which the tax credit may be properly claimed. The Department's primary concern is that the taxpayer, not the installer, will be required to substantiate that they claimed the tax credit in the correct taxable year.

In order to clarify that solar energy property cannot be broken up and characterized to be separate energy properties in order to qualify for the credit under section (a)(2) and (a)(3), the Department suggests that section 235-12.5(a)(2) be amended to read:

- 2) For each solar energy property that is used primarily to generate electricity, is less than one megawatt in alternating current capacity, is not part of a larger solar energy property that in the aggregate qualifies for the credit under paragraph (a)(3), and is installed and first placed in service in the State by a taxpayer during the taxable year; provided that no energy property that receives a tax credit under this paragraph may later receive a production tax credit even if the property is one megawatt or greater:
- Providing a renewable energy production tax credit at an unspecified number of cents per kilowatt hour produced and sold for projects with an alternating current capacity of one megawatt or higher. This production credit can be claimed by the taxpayer for the first 10 years after the project is placed in service. H.D.1 provides separate rates for solar energy property placed in service on or before December 31, 2016, after December 31, 2016 but on or before December 31, 2020, and after December 31, 2020.

The Department estimates that for each megawatt of capacity installed, at a rate of 8 cents per kilowatt hour produced and sold, the production credit amount will be \$128,000 per year and \$1.28 million over a ten year period. This means that if a megawatt of capacity costs \$3 million to place in service the total credit received is approximately 42.67% of the cost to place in service per megawatt of capacity. The Department additionally notes that the federal production tax credit only provides 2.2 cents per kilowatt hour produced and sold – approximately one-fourth the 8 cents proposed in this measure.

The Department also estimates that for each megawatt of capacity installed, at a rate of 4 cents per kilowatt hour produced and sold, the production credit amount will be \$64,000 per year and \$640,000 over a ten year period. This means that if one megawatt of

capacity costs \$3 million to place in service, the total credit received is approximately 21.33% of the cost to place in service per megawatt of capacity.

- Providing a renewable energy tax credit for wind energy property at a rate of 20% with an unspecified cap for wind energy property that has less than one megawatt in output. The Department notes that the cap will be difficult to administer, similar to the current statute, as the measure does not define the cap or provide guidance as to its application.
- Allowing full refundability of the production tax credit claimed for solar energy property with an alternating current capacity of one megawatt or higher.
- Allowing taxpayers not currently regulated by the Public Utilities Commission, that have by December 31, 2012, entered into an agreement with a public sector agency pursuant to a public solicitation and procurement process for the sale of electrical energy from non-residential solar energy property with less than one megawatt of alternating current capacity, to claim the tax credit as if the solar energy property was placed in service prior to January 1, 2013, provided that the property is placed in service prior to January 1, 2014.
- Allowing taxpayers who received an administrative extension, for a previously-issued Department letter ruling, to claim the tax credit as it existed on December 31, 2012, provided that the energy property is placed in service on or before December 31, 2012.
- Disallowing the claiming of the tax credit by any governmental agency.
- Requiring the Department along with the Department of Business, Economic Development, and Tourism (DBEDT) to compile a detailed joint report and submit the report to the legislature no later than 20 days prior to the convening of each regular session.

The Department notes that this type of detailed reporting is difficult with the Department's current computer system. In order to meet this requirement, it is likely that the Department will need to require mandatory electronic filing of the information by each taxpayer claiming the credit, as well as additional resources to develop the mandatory filing process.

- The Department importantly notes that for a ten-year production credit, assuming the same amount of capacity is installed each year starting in 2014 and ending in 2019, the amount of the tax credits that show up in the budget window will be only 35% of the actual total cost of the tax credit to the State's taxpayers. This is true, regardless of the amount of the production tax credit per kilowatt hour. For example, for the systems installed in 2014, 60% of the total cost of the credit will be paid out in the budget window, whereas for systems installed in 2019, only 10% of the total cost of the credit

will be paid in the budget window. In other words, any proposed revenue estimate for the production tax credit will account for only about one third of its total cost; the rest of the cost is an unfunded liability in future years.

Thank you for the opportunity to provide comments.



LATE

HOUSE COMMITTEE ON FINANCE
Monday, April 1, 2013 — 2:00 p.m.

**TESTIMONY SUPPORTING
SB 623, HD2 RELATING TO RENEWABLE ENERGY**

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee:

The Hawaii PV Coalition **supports** SB 623, HD2, which will reform the Renewable Energy Technologies Income Tax Credit (“RETTTC”) while maintaining the viability of the solar industry. SB 623, HD2 will save the State tens of millions of dollars in tax credit related outlays, while continuing to promote solar energy technologies that will allow Hawai'i to reach its clean energy goals and reduce our depends on imported fossil fuels. This bill will also continue to make solar energy technologies accessible to the vast majority of Hawaii's residents.

The current version of SB 623 contains blanks in section (a) that must be filled in before the bill is finalized. We recommend that the Committee re-insert the percentages and cap amounts contained in HB 497 HD3, which closely track the percentages and cap amounts contained in prior versions of SB 623. Specifically, we recommend the following numbers be used:

- For section (a)(1), solar thermal tax credit caps in the amounts of:
 - **\$2,500** per property for single-family residential property;
 - **\$500** per unit per property for multi-family residential property;
 - **\$250,000** per property for commercial property
- For section (a)(2), solar tax credit percentages in the amounts of:
 - **30%** for property placed in service after December 31, 2012 and before January 1, 2014;
 - **25%** for property placed in service after December 31, 2013 and before January 1, 2016;
 - **20%** for property placed in service after December 31, 2015 and before January 1, 2018;
 - **15%** for property placed in service after December 31, 2017.
- For section (a)(3), production tax credit amounts of:
 - **8 cents/kWh** for solar energy property installed and placed in service on or before December 21, 2016;
 - **6 cents/kWh** for solar energy property installed and placed in service on or before December 31, 2020;
 - **4 cents/kWh** for solar energy property installed and placed in service after December 31, 2020.
- For section (a)(4), a cap on the utility-scale wind energy credit of **\$500,000**.



We strongly support this bill, and we hope that the Committee will pass the bill out with the recommended percentages, credit amounts, and caps specified above. Thank you for the opportunity to provide this testimony.

Mark Duda
President, Hawaii PV Coalition

The Hawaii PV Coalition was formed in 2005 to support the greater use and more rapid diffusion of solar electric applications across the state. Working with business owners, homeowners and local and national stakeholders in the PV industry, the Coalition has been active during the state legislative sessions supporting pro-PV and renewable energy bills and helping inform elected representatives about the benefits of Hawaii-based solar electric applications.

FINTestimony

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 31, 2013 5:06 PM
To: FINTestimony
Cc: 6kali9@gmail.com
Subject: *Submitted testimony for SB623 on Apr 1, 2013 14:00PM*

SB623

Submitted on: 3/31/2013

Testimony for FIN on Apr 1, 2013 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Mr. Kali Watson	SCHHA	Support	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803
808.538.6616 hawaii.chapter@sierraclub.org

LATE

HOUSE COMMITTEE ON FINANCE

April 1, 2013, 2:00 P.M.
(*Testimony is 1 page long*)

TESTIMONY IN SUPPORT OF SB 623 SD2 HD2

Aloha Chair Luke and Members of the Committee:

The Sierra Club of Hawai'i, with over 10,000 members and supporters, **supports** SB 623 SD2 HD1. As previously drafted (with specific tax amounts demarcated), this measure would advance the State's clean energy efforts setting up a long-term plan for our renewable energy tax credit to slowly wean down over time. It maintains an important policy tool intended to encourage investment in clean energy, reduce Hawai'i's dependence on unstable foreign oil, and improve Hawai'i's environment.

Our renewable energy tax credit is an important investment for the state. Hawai'i depends on imported oil for nearly 90% of its energy needs. This dependence results in the outflow of the State's financial resources and creates a tenuous reliance on an unsustainable and unstable resource. Moreover, with the increased certainty of climate change as a result of fossil fuel usage and the emerging treaties on greenhouse gas emissions, as well as the global depletion of natural resources, encouragement of renewable energy sources is timely and strategic.

Hawai'i has been a leader in the inevitable renewable energy revolution—but continued success will take a continued commitment from the public policy makers. This measure shows that commitment, but also sets up a long-term path for the solar industry to eventually compete without government assistance.

This measure has been a carefully crafted to balance of various interests. We appreciate the amount of time the subject matter Chairs have spent to come out with a reasonable plan to move our clean energy industry forward, but also ensure the State minimizes its financial risk.

Mahalo for the opportunity to testify.

HOUSE COMMITTEE ON FINANCE
Monday, April 1, 2013 — 2:00 p.m.

**TESTIMONY SUPPORTING
SB 623 SD2 HD2 RELATING TO RENEWABLE ENERGY**

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee:

Rising Sun Solar **supports** SB 623 SD2 HD2, which will reform the Renewable Energy Technologies Income Tax Credit (“RETITC”) while maintaining the viability of the solar industry. SB 623 SD2 HD2 will save the State tens of millions of dollars in tax credit related outlays, while continuing to promote solar energy technologies that will allow Hawai‘i to reach its clean energy goals and reduce our dependence on imported fossil fuels. This bill will also continue to make solar energy technologies accessible to the vast majority of Hawai‘i’s residents.

The current version of SB 623 contains blanks in section (a) that must be filled in before the bill is finalized. We recommend that the Committee re-insert the percentages and cap amounts contained in HB 497 HD3, which closely track the percentages and cap amounts contained in prior versions of SB 623. Specifically, we recommend the following numbers be used:

- For section (a)(1), solar thermal tax credit caps in the amounts of:
 - **\$2,500** per property for single-family residential property;
 - **\$500** per unit per property for multi-family residential property;
 - **\$250,000** per property for commercial property
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 - **20%** for property placed in service after December 31, 2015 and before January 1, 2018;
 - **15%** for property placed in service after December 31, 2017.
- For section (a)(3), production tax credit amounts of:
 - **8 cents/kWh** for solar energy property installed and placed in service on or before December 21, 2016;
 - **6 cents/kWh** for solar energy property installed and placed in service on or before December 31, 2020;
 - **4 cents/kWh** for solar energy property installed and placed in service after December 31, 2020.



- For section (a)(4), a cap on the utility-scale wind energy credit of **\$500,000**.

We strongly support this bill, and we hope that the Committee will pass the bill out with the recommended percentages, credit amounts, and caps specified above. Thank you for the opportunity to provide this testimony.

Rising Sun Solar Electric is Maui's #1 PV Solar Installer and one of Hawaii's top solar integrators. Since 2003, Rising Sun Solar has built a reputation based on quality and service for residential and commercial solar systems in Hawai'i. Rising Sun Solar is a licensed electrical contractor and a certified installer, employing over 100 people statewide.

Respectfully,
Bradley Albert
Owner

HOUSE COMMITTEE ON FINANCE

Monday, April 1, 2013 — 2:00 p.m.

TESTIMONY SUPPORTING

SB 623 SD2 HD2 RELATING TO RENEWABLE ENERGY

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee:

Keahole Solar Power **supports** SB 623 SD2 HD2, which will reform the Renewable Energy Technologies Income Tax Credit (“RETITC”) while maintaining the viability of the solar industry. SB 623 SD2 HD2 will save the State tens of millions of dollars in tax credit related outlays, while continuing to promote solar energy technologies that will allow Hawai‘i to reach its clean energy goals and reduce our dependence on imported fossil fuels. This bill will also continue to make solar energy technologies accessible to the vast majority of Hawai‘i’s residents.

The current version of SB 623 contains blanks in section (a) that must be filled in before the bill is finalized. We recommend that the Committee re-insert the percentages and cap amounts contained in HB 497 HD3, which closely track the percentages and cap amounts contained in prior versions of SB 623. Specifically, we recommend the following numbers be used:

- For section (a)(1), solar thermal tax credit caps in the amounts of:
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 - **25%** for property placed in service after December 31, 2013 and before January 1, 2016;
 - **20%** for property placed in service after December 31, 2015 and before January 1, 2018;
 - **15%** for property placed in service after December 31, 2017.

- For section (a)(3), production tax credit amounts of:
 - **8 cents/kWh** for solar energy property installed and placed in service on or before December 21, 2016;
 - **6 cents/kWh** for solar energy property installed and placed in service on or before December 31, 2020;
 - **4 cents/kWh** for solar energy property installed and placed in service after December 31, 2020.
- For section (a)(4), a cap on the utility-scale wind energy credit of **\$500,000**.

We strongly support this bill, and we hope that the Committee will pass the bill out with the recommended percentages, credit amounts, and caps specified above. Thank you for the opportunity to provide this testimony.

Respectfully,



Harry Jackson
President



KSP



HOUSE COMMITTEE ON FINANCE
Monday, April 1, 2013 — 2:00 p.m.

LATE

**TESTIMONY SUPPORTING
SB623 SD2 HD2 RELATING TO RENEWABLE ENERGY**

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee:

Mainstream Energy Corp. supports SB623 SD2 HD2, which will reform the Renewable Energy Technologies Income Tax Credit (RETITC) while maintaining the viability of Hawaii's solar industry. SB623 will save tens of millions in tax credit-related outlays, while continuing to promote solar energy technologies that will allow Hawaii to reach its clean energy goals and reduce dependence on imported fuels.

Mainstream Energy Corp. is the parent company of REC Solar, a national installer of grid-tied residential, commercial, government, and utility solar, and AEE Solar, one of the country's largest distributors of renewable energy equipment. Our companies have a presence in all major solar markets and employ more than 800 people. We've installed more than seven megawatts of commercial systems in Hawaii – for schools, public buildings, retailers, and utilities – and have more than sixteen megawatts under construction. Changes to current RETITC structure will have a major impact on these and future projects.

We have two specific areas in which we suggest important amendments – the effective date of the legislation and the percentages or amounts of the RETITC.

First, we remain concerned that SB623 SD2 HD2 makes retroactive changes to the tax code, which impact solar systems already in service or under construction.

Currently the bill modifies the RETITC for systems placed in service between December 31, 2012 and January 1, 2014. As a result, all systems contracted in late 2012 and/or built in early 2013 will be eligible for a different tax credit than existed during sales, contracting, and construction processes. This uncertainty is already resulting in significant confusion and concern amongst solar providers and customers, and alarming potential investors.

We suggest two potential solutions to completely avoid negative retroactive impacts, and one solution that would minimize the impact, as follows:

1. The legislature could provide solar customers complete transparency by enacting this law to apply to systems placed in service after December 31, 2013. The existing temporary administrative rules would continue to apply to systems placed in service this year. By providing forward visibility, this would completely avoid retroactive impacts.
2. Tax filers for systems placed in service this year could have the ability to choose to claim the RETITC under the DoTax Temporary Administrative Rules currently in effect or under the rules resulting from passage of SB623. This also completely avoids retroactive impacts. The following language from the initial version of SB623 could be re-inserted into the bill draft to provide this choice:

"For solar energy properties placed in service after December 31, 2012, and before January 1, 2014, a taxpayer may elect tax credits under this section or under the department's temporary administrative rules that became effective on January 1, 2013."

3. The legislature could minimize (but not entirely avoid) retroactive impacts associated with this legislation by enacting the law to apply to systems placed in service after June 30, 2013. This potential solution does not entirely avoid retroactive impact because of the natural delay (which may range from two to twelve months) between the sale of a solar system and its construction. There are a variety of reasons for this delay, including permitting and inspection requirements outside the control of customers and/or solar providers. Again, making SB623 apply to systems placed in service after June 30, 2013 mitigates, but does not eliminate, retroactive impacts.

The current version of SB623 contains blanks in section (a) that must be filled in before the bill is finalized. We recommend the Committee re-insert the percentages and cap amounts contained in HB497 HD3, which closely track the percentages and cap amounts contained in prior versions of SB623. Specifically, we recommend the following numbers be used:

- For section (a)(1), solar thermal tax credit caps in the amounts of:
 - **\$2,500** per property for single-family residential property;
 - **\$500** per unit per property for multi-family residential property;
 - **\$250,000** per property for commercial property
- For section (a)(2), solar tax credit percentages in the amounts of:
 - **30%** for property placed in service after <effective date> and before January 1, 2014;
 - **25%** for property placed in service after December 31, 2013 and before January 1, 2016;
 - **20%** for property placed in service after December 31, 2015 and before January 1, 2018;
 - **15%** for property placed in service after December 31, 2017.
- For section (a)(3), production tax credit amounts of:
 - **8 cents/kWh** for solar energy property installed and placed in service on or before December 21, 2016;
 - **6 cents/kWh** for solar energy property installed and placed in service on or before December 31, 2020;
 - **4 cents/kWh** for solar energy property installed and placed in service after December 31, 2020.

Again, Mainstream Energy Corp., REC Solar, and AEE Solar support SB623 SD2 HD2 with these critical amendments, and we appreciate your attention to these matters and leadership in renewable energy issues. Providing long-term certainty to the RETITC will play a major role in driving new jobs, investment, and clean energy growth in Hawaii.

Sincerely,



Benjamin L. Higgins
Director of Government Affairs



Green Power Projects LLC

Alan Lennard
P.O. Box 818
Haleiwa, HI 96712
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alan.lennard@greenpowerprojects.com

April 1, 2013 2:00 PM

**HOUSE OF REPRESENTATIVES
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013**



COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Scott Y. Nishimoto, Vice Chair

Rep. Aaron Ling Johanson, Vice Chair

SB 623, SD2, HD2 (HSCR1198)

TESTIMONY IN SUPPORT

Aloha Chair Luke, Vice Chair Nishimoto Vice Chair Johanson and committee members,

My name is Alan Lennard and I work in renewables.

I support the intention of this bill. It has the best tax credit version proposed to continue solar penetration statewide. Please support this language.

By redefining eligible renewable energy property, S.B. 623, SD 2, HD 2, closes the loophole that has allowed for a single individual or business to claim multiple PV tax credits, thus avoiding the artificially low cap levels imposed by a previous legislature.

This key change will lead to increased fairness and much greater transparency. Importantly, this change, moreover, will not lead to over-sized PV systems since there is no advantage to the customer based on utility regulations and rules for net-energy metered systems (i.e. customer generators only want to "zero out" their utility bill).

We respectfully propose the following amendments and recommendations for the committee's consideration:

Section 1, paragraph (a):

(1) Solar water heating

(A) \$2,500

(B) \$500

(C) \$250,000

Despite the above cited "fill in the blank" numbers for solar water heating, it is incongruous and unnecessary to continue to impose caps on solar water heating systems that are not imposed on PV systems. Again, there is no technical or economic incentive to over size a solar water heating system for tax credit purposes alone. Solar water heating systems will continue to be sized to load,

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not available tax credits. Solar water heating systems historically have not been subject to multiple credit claims or abuse.

(2) Solar electricity < 1 MW (change the dates)

(A) 35% before Jan. 1, 2014 (avoid ex-post facto challenges)

(B) 30% after Dec. 31, 2013 and before Jan. 1, 2016

(C) 25% after Dec. 31, 2015 and before Jan. 1, 2018

(D) 20% after Dec. 31, 2017

(3) Solar electricity > 1 MW

Ensure that the incentives for distributed generation (rooftop) and large scale systems are equitable.

Section 1, paragraph (h): Clarify that allowed variances to “mandated” solar water heating systems are covered.

The economic modeling of the solar tax credits shown in the updated document provided by Dr. Thomas Loudat demonstrates the effective return of monetized incentives back into the state economy. This data provide economic justification for keeping the tax credit at 20% after Dec. 31, 2017.

One of the most important provisions provided by S.B. 623, SD 2, HD 2, is the annual reporting requirement. There is simply no excuse for not knowing real time cost and benefit of any State of Hawaii tax credit or incentive, especially those incentives that are linked by statute to an essential public purpose or objective.

It is unacceptable for the Hawai'i DoTax or DBEDT agencies to represent they do not have the technical or human resources to provide real-time fiscal and economic information. The public debate surrounding the renewable energy investment tax credits has been much poorer for the lack of current and accurate information on both the costs and the full fiscal and economic benefits associated with this credit.

Additionally, please consider including language in the bill that will maintain the incentives at current level if increased ramp-down impacts the compliance with the Hawaii Clean Energy Initiative and Hawaii Renewable Portfolio Standard (ie. Unable to achieve or exceed required milestones). Finally, please consider including language in the bill that states the ramp-down of the renewable incentives will be halted if a reduction in continued renewable penetration is shown utilizing the proposed annual reporting requirement.

Thank you so very much for your consideration regarding this important issue.

Alan Lennard

alan

Managing Director

HOUSE COMMITTEE ON FINANCE

Monday, April 1, 2013 — 2:00 p.m.

TESTIMONY SUPPORTING

SB 623 SD2 HD2 RELATING TO RENEWABLE ENERGY

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee:

Introduction: My name is Riley Saito Senior Manager, Hawaii Projects, for SunPower Systems Corporation. SunPower is a dedicated supporter for over 15 years, in Hawaii, as and active participant of the renewable energy initiatives. Including Member (charter) of Hawaii Energy Policy Forum; Hawaii Clean Energy Initiative-Steering Committee and Energy Generation Working Group; Participant in energy related PUC dockets.

SunPower Corporation **supports** SB 623 SD2 HD2, which will reform the Renewable Energy Technologies Income Tax Credit ("RETITC") while maintaining the viability of the solar industry. SB 623 SD2 HD2 will save the State tens of millions of dollars in tax credit related outlays, while continuing to promote solar energy technologies that will allow Hawai'i to reach its clean energy goals and reduce our dependence on imported fossil fuels. This bill will also continue to make solar energy technologies accessible to the vast majority of Hawai'i's residents.

The current version of SB 623 contains blanks in section (a) that must be filled in before the bill is finalized. We recommend that the Committee re-insert the percentages and cap amounts contained in HB 497 HD3, which closely track the percentages and cap amounts contained in prior versions of SB 623. Specifically, we recommend the following numbers be used:

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 - **4 cents/kWh** for solar energy property installed and placed in service after December 31, 2020.

We strongly support this bill, and we hope that the Committee will pass the bill out with the recommended percentages, credit amounts, and caps specified above. Mahalo for the opportunity to testify.



Riley Saito
Senior Manager, Hawaii Projects
SunPower Systems, Corporation



LATE

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HOUSE COMMITTEE ON FINANCE

TESTIMONY IN SUPPORT OF SB623 SB2 HD2 RELATING TO RENEWABLE ENERGY

Testimony of Sarah Bertram, Sr. Manager, Policy & New Markets, Sunrun

Monday, April 1, 2013

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee:

Sunrun **supports** SB 623 SD2 HD2, which will reform the Renewable Energy Technologies Income Tax Credit ("RETITC") while maintaining the viability of the solar industry. SB 623 SD2 HD2 will save the State tens of millions of dollars in tax credit related outlays, while continuing to promote solar energy technologies that will allow Hawai'i to reach its clean energy goals and reduce our dependence on imported fossil fuels. This bill will also continue to make solar energy technologies accessible to the vast majority of Hawai'i's residents.

The current version of SB 623 contains blanks in section (a) that must be filled in before the bill is finalized. We recommend that the Committee re-insert the percentages and cap amounts contained in HB 497 HD3, which closely track the percentages and cap amounts contained in prior versions of SB 623. Specifically, we recommend the following numbers be used:

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 - **4 cents/kWh** for solar energy property installed and placed in service after December 31, 2020.
- For section (a)(4), a cap on the utility-scale wind energy credit of **\$500,000**.

We strongly support this bill, and we hope that the Committee will pass the bill out with the recommended percentages, credit amounts, and caps specified above. Thank you for the opportunity to provide this testimony.

Sincerely,
Sarah Bertram