

STAND. COM. REP. NO. **2100**

Honolulu, Hawaii

FEB 07 2014

RE: S.B. No. 2195
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred S.B. No. 2195 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) Require the Department of Taxation, in collaboration with the Department of Business, Economic Development, and Tourism, to submit a joint report to the Legislature each year that is related to tax credits for renewable energy technology properties, the total cost to the State of the renewable energy tax credits, and the estimated economic benefit of the renewable energy tax credits for each of the previous four taxable years; and
- (2) Appropriate funds to assist each respective department in submitting the joint report.

Your Committee received testimony in support of this measure from the Hawaii Solar Energy Association, Hawaii Renewable Energy Alliance, and Ulupono Initiative. Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; and Tax Foundation of Hawaii.

Your Committee finds that because renewable energy is important for Hawaii's clean energy goals and economy, the



Legislature requires factual information on the fiscal impact of tax credits related to renewable energy in the past years in order to evaluate the effectiveness of such tax credits and to properly compare projections for future years resulting from proposed changes to such tax credits. The lack of this information for tax credits taken for renewable energy technology properties has created an information gap between departments and concerned stakeholders. With the Department of Taxation providing the cost figures and the Department of Business, Economic Development, and Tourism providing the benefit calculations, all stakeholders will be better informed of the costs and benefits related to renewable energy through the reporting requirement proposed by this measure.

Your Committee has amended this measure by:

- (1) Adding language to clarify that the joint report shall include the number of renewable energy technology properties that have qualified for a tax credit in each of the previous four taxable years for which data is available;
- (2) Deleting language that would have required the joint report to include the total cost of the tax credit to the State during the past four taxable years by type of tax credit relating to investment or production; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2195, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2195, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment,


MIKE GABBARD, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* SB 2195	Committee Referral: ENE, WAM	Date: 2/4/14		
<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
GABBARD, Mike (C)	X			
RUDERMAN, Russell E. (VC)	X			
CHUN OAKLAND, Suzanne				X
IHARA, Jr., Les	X			
SLOM, Sam				X
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes