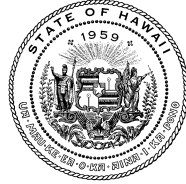


NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



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FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR

To: The Honorable David Y. Ige, Chair
and Members of the Senate Committee on Ways and Means

Date: Wednesday, February 19, 2014
Time: 9:15 A.M.
Place: Conference Room 211, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. 2195, S.D.1, Relating to Renewable Energy

The Department of Taxation (Department) appreciates the intent of S.B. 2195, S.D.1, and provides the following information and comments for your consideration.

S.B. 2195, S.D.1 requires the Department, in collaboration with the Department of Business, Economic Development and Tourism (DBEDT), submit a yearly report to the Legislature providing certain specific information related to renewable energy tax credits.

S.D.1 amends the reporting requirement to the data that is available. The Department appreciates this amendment to provide flexibility. However, the Department is still unable to comply with the requirement that the Department make available data from the previous four taxable years prior to the start of the regular legislative session. Taxpayers do not file their tax returns until after the close of the taxpayer's taxable year. As a result, the Department generally does not receive all the tax returns for a taxable year until approximately 15 months **after** the close of the taxable year. Thereafter, Department statistical staff must then manually aggregate renewable energy tax credit data from tax returns that are not electronically process by the computer system.

The Department also notes that it is not provide the information requested in paragraph (1), as it does not have specific data on the number or types of properties, but merely aggregate data on the credit amounts claimed by taxpayers. The Department is also unable to comply with paragraph (3), which requires an economic benefit analysis, as the Department does not perform dynamic economic analysis using tax data; instead, the Department defers to DBEDT regarding its ability to comply with the provision.

Thank you for the opportunity to provide comments.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
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RICHARD C. LIM
DIRECTOR

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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
Before the
SENATE COMMITTEE ON WAYS AND MEANS
Wednesday, February 19, 2014
9:15 a.m.
State Capitol, Conference Room 211
in consideration of
SB 2195, SD1
RELATING TO RENEWABLE ENERGY.

Chair Ige, Vice Chair Kidani, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) respectfully offers comments on SB 2195, SD1, which requires the Department of Taxation in collaboration with DBEDT, to submit a joint report to the Legislature related to the renewable energy tax credits and appropriates funds to each Department to effectuate the measure.

In order for DBEDT to provide the necessary information and analysis proposed under Section 2 to the Department of Taxation for this report, we would need to use the appropriated funds to develop, collect information, and complete a comprehensive economic analysis to survey renewable energy companies.

DBEDT respectfully defers to the Department of Taxation on the availability of tax-related data and information, and the necessary activities required to effectuate the measure.

Thank you for the opportunity to provide comments on SB 2195, SD1.



Directors

Jody Allione
Silver Ridge

Joe Boivin
Hawaii Gas

Kelly King
Pacific Biodiesel

Warren S. Bollmeier II
WSB-Hawaii

TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE
HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

SB 2195 SD1, RELATING TO RENEWABLE ENERGY

February 19, 2014

Chair Ige, Vice-Chair Kidani and members of the Committee, I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is an industry-based, nonprofit corporation in Hawaii established in 1995. Our mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically- sound future for Hawaii. One of our goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purposes of SB 2195 are to: (i) 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 renewable energy technology properties, the total cost of renewable energy tax credit to the State, and the estimated economic benefit of renewable energy tax credit for each of the previous four taxable years; and (ii) appropriates funds to respective departments to submit report.

HREA **strongly supports** as it will help us keep track of the benefits and costs of the Renewable Technologies Income Tax Credit in support of our attainment of our clean energy goals.

Mahalo for this opportunity to testify.



Hawaii Solar Energy Association
Serving Hawaii Since 1977

Testimony of the Hawaii Solar Energy Association
In Support of SB 2195, SD 1 Relating to Renewable Energy
Before the Senate Committee on Ways and Means
Wednesday, February 19, 2014

Chair Ige, Vice-Chair Kidani and members of the Committee, my name is Leslie Cole-Brooks and I am the Executive Director of the Hawaii Solar Energy Association (HSEA). We strongly support the passage of SB 2195, SD 1.

HSEA has long argued that the protracted legislative battles over the costs, benefits and effectiveness of the various the State of Hawaii tax incentives has generally been a tempest in a tea pot. This has been particularly so with respect to the renewable energy technologies income tax credit (HRS-235-12.5). Despite the heated rhetoric, it has been abundantly clear that no government agency has had the real time data required to make accurate judgments on the costs and benefits of the renewable income tax credits.

DoTax's historic brief has been to report on one side of the ledger; what things cost. Lately they have not even been able to do that on a timely basis. Not since 2005 has DoTax published its detailed annual report entitled Tax Credits Claimed By Hawaii Residents. These reports also lagged by a year or so and were inconsistent in quality and value, but, at a minimum, anyone interested could take a look at their numbers.

HSEA has long argued that it should be DBEDT's role to balance this ledger by measuring the benefits of any tax incentive presumed to be enacted in the public interest. Sure this takes work, but it is work that must be done in support of sound public policy.

SB 2195, SD 1 will go a long way to close this dangerous information gap. Renewable energy is too important to our statutory HCEI requirements, our economy, and our ratepayers to continue guessing at what it costs and benefits all of us.

HSEA requests that SB 2195, SD 1 be amended to include information on individual adjusted gross income (AGI). In addition, the information requested should be reported by island as well as aggregated for the entire state. In the interest of clarity, we also recommend that (1) (A) Type of Technology should be broken out by Wind, PV and Solar Water Heating and whether the project was residential or commercial in nature.

Once DoTax and DBEDT develop their methodologies and spreadsheets to parse this data it will be an invaluable tool in analyzing the cost and effectiveness of other State of Hawaii tax incentives. Thank you for the opportunity to present our views.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SB2195 on Feb 19, 2014 09:15AM*
Date: Sunday, February 16, 2014 9:42:07 AM

SB2195

Submitted on: 2/16/2014

Testimony for WAM on Feb 19, 2014 09:15AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

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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Cc: skaye@runbox.com
Subject: Submitted testimony for SB2195 on Feb 19, 2014 09:15AM
Date: Monday, February 17, 2014 8:37:23 AM

SB2195

Submitted on: 2/17/2014

Testimony for WAM on Feb 19, 2014 09:15AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
sally kaye	Individual	Support	No

Comments: This is long overdue.

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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