

STAND. COM. REP. NO. 226-16

Honolulu, Hawaii

February 12, 2016

RE: H.B. No. 2511
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 2511 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY STORAGE,"

begs leave to report as follows:

The purpose of this measure is to encourage and maximize the use of cost-effective energy storage technologies and systems by establishing an Energy Storage Property Tax Credit.

The Blue Planet Foundation; Green Change Networks; Sunverge Energy, Inc.; Sierra Club of Hawaii-Oahu Group; Renewable Energy Action Coalition of Hawaii; Green Power Projects LLC; and several concerned individuals testified in support of this measure. The Distributed Energy Resources Council of Hawaii and Solar Energy Association testified in support of the intent of this bill. The Department of Taxation, Department of Business, Economic Development and Tourism, and Tax Foundation of Hawaii provided comments.

Upon further consideration, your Committee has amended this measure by deleting its contents and inserting provisions ensuring that the State will continue to make robust progress toward its clean energy goal of 100 percent renewable energy by 2045 by making amendments to the Renewable Energy Technologies Income Tax Credit (Tax Credit) to conform to federal requirements relating to energy property. Among other things, the amended measure:

HB2511 HD1 HSCR EEP HMS 2016-1691



- (1) Clarifies that the Tax Credit may be claimed for every eligible energy property placed in service in the State by a taxpayer on or after July 1, 2017;
- (2) Conforms the Tax Credit to what is allowed under federal law for a business tax credit or individual tax credit;
- (3) Defines "energy property" to have the same meaning as defined in section 48 of the Internal Revenue Code of 1986, as amended, and related regulations, administrative guidelines, and pronouncements; and
- (4) Defines "solar energy property" to have the same meaning as defined in Treasury Regulations section 1.48-9(d) and related administrative guidelines and pronouncements.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2511, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2511, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,


CHRIS LEE, Chair



Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: HB 2511	Committee Referral: EEP, CPC, FIN	Date: 2/4/16		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. LEE, Chris (C)	/			
2. LOWEN, Nicole E. (VC)	/			
3. CULLEN, Ty J.K.	/			
4. EVANS, Cindy	/			
5. ING, Kaniela	/			
6. NISHIMOTO, Scott Y.	/			
7. SAY, Calvin K.Y.	/			
8. YAMANE, Ryan I.	/			
9. POUHA, Feki	/			
10. THIELEN, Cynthia	/			
TOTAL (10)	10	0	0	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u>Nicole E. Lowen</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				