

STAND. COM. REP. NO.

2179

Honolulu, Hawaii

FEB 12 2016

RE: S.B. No. 2738
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Transportation and Energy, to which was referred S.B. No. 2738 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 replace the current renewable energy technology systems tax credit with tax credits for solar energy property, wind energy property, and energy storage property and require the Department of Taxation and Department of Business, Economic Development, and Tourism to report tax credits claimed and make recommendations to the Legislature.

Your Committee received testimony in support of this measure from the Distributed Energy Resources Council, Hawaii Solar Energy Association, Renewable Energy Action Coalition of Hawaii, and Inter-Island Solar Supply. Your Committee received comments on this measure from the Department of Taxation; Department of Business, Economic Development and Tourism; and Tax Foundation of Hawaii.

Your Committee finds that tax incentives for solar and wind energy should be adopted by the State to advance the growth of renewable energy and, at a state level, accelerate progress toward a one hundred per cent renewable energy goal by 2045. Your Committee believes that allowing tax credits to incentivize traditional grid connected solar systems and energy storage systems will bolster renewable energy in Hawaii. With recent



changes in solar policy there will be a greater emphasis within the market for energy storage systems. These tax incentives will accelerate the innovation and adoption of energy storage and benefit customers, the utility, and the State.

Your Committee has amended this measure by deleting its contents and inserting the contents of H.B. No. 2236. Your Committee further amended this measure by:

- (1) Limiting the qualifying income tax credit for each storage property that is installed and first placed in service by a taxpayer during the taxable year, if the cost of the energy storage property is not also included in the basis of solar or wind energy property, to disallow double credits;
- (2) Clarifying the definition of "basis" to include solar energy, wind energy, or energy storage property;
- (3) Clarifying the definition of "energy storage property" to include batteries, grid-interactive water heaters, and ice storage air-conditioners that store electricity as electrical, chemical, thermal, or mechanical energy and deliver the energy back to an electric utility at a later time;
- (4) Extending the period in which the tax credit applies for each applicable cap amount; and
- (5) 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 Transportation and Energy that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2738, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2738, S.D. 1, and be referred to your Committee on Ways and Means.



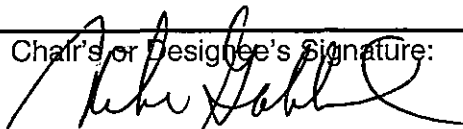
Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Energy,


LORRAINE R. ENOYE, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Transportation and Energy
TRE

Bill / Resolution No.:* SB 2738	Committee Referral: TRE, WAM	Date: 02-09-16		
<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
INOUYE, Lorraine R. (C)	✓			
GABBARD, Mike (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
ENGLISH, J. Kalani				✓
KIDANI, Michelle N.	✓			
NISHIHARA, Clarence K.				✓
SLOM, Sam				✓
TOTAL	4	—	—	3
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