

STAND. COM. REP. NO. **2715**

Honolulu, Hawaii

MAR 04 2016

RE: S.B. No. 2738

S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2738, S.D. 1, 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 address tax incentives for renewable energy technologies.

Specifically, this measure replaces the current renewable energy technology systems tax credit with tax credits for solar energy property, wind energy property, and energy storage property.

Your Committee received written comments in support of this measure from Distributed Energy Resources Council of Hawaii; Hawaii Solar Energy Association; and Stem, Inc.

Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; Blue Planet Foundation; Hawaiian Electric Company; and Tax Foundation of Hawaii.

Your Committee finds that the renewable energy technology systems tax credit has been successful in decreasing Hawaii's reliance on fossil fuels, stimulating our economy, and driving innovation. Your Committee also finds that, since the renewable energy technology systems tax credit was enacted, there have been many developments in the renewable energy market. Your Committee

SB2738 SD2 SSCR LRB 16-1663.doc



further finds that it is the intent of this measure to update the renewable energy technology systems tax credit to reflect the current renewable energy market.

Your Committee has amended this measure by:

- (1) Making corrections to conflicting dates in the measure; and
- (2) Changing the effective date to July 1, 2076, to facilitate further discussion on the measure.

Your Committee notes that the Department of Taxation has raised concerns that several provisions of the measure, as currently drafted, are ambiguous, would make the tax credit difficult to administer, and are likely to result in larger than expected revenue losses for the State. Should this measure be heard by other standing committees, your Committee respectfully requests that those committees establish provisions to avoid major revenue loss and to ease administrative implementation of the tax credit.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2738, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2738, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

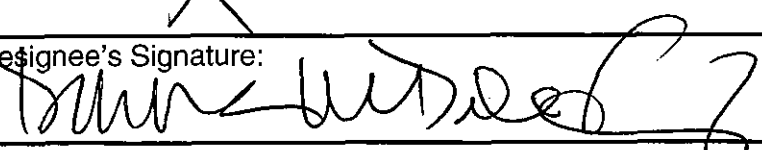


JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 2738, SD1	Committee Referral: TRE, WAM	Date: 2/29/12		
<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
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene				/
INOUYE, Lorraine R.	/			
RIVIERE, Gil	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
SLOM, Sam		/		
TOTAL	9	1		1
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