STAND. COM. REP. NO. 321-18

Honolulu, Hawaii

MAR 23 , 2018

RE: S.B. No. 2100

S.D. 2 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2018 State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 2100, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to update the renewable energy technologies income tax credit by, among other things:

- (1) Eliminating the term "renewable energy technology system" and amending the language of the tax credit to focus on solar energy systems, wind energy systems, and energy storage systems;
- (2) Allowing a tax credit to be claimed for energy storage systems; and
- (3) Reducing the amount of the tax credit that may be claimed for solar energy systems used primarily to generate electricity, based on when the solar energy system is first placed into service.

The Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, Distributed Energy Resources Council, Ulupono Initiative, The Alliance for Solar Choice, Tesla, Inc.,

Hawaii Solar Energy Association, and two individuals supported this measure. The Department of Business, Economic Development and Tourism, Department of Taxation, and Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by:

- (1) Clarifying that a variance application from an architect or mechanical engineer must attest that the life cycle cost for another gas appliance device is less than a solar water heater system when a demand water heater device is installed;
- (2) Deleting language which allowed any federal, state, or local government or any political subdivision, agency, or instrumentality to claim the solar energy, energy storage, and wind energy system income tax credit;
- (3) Clarifying that the tax credit is applicable to energy storage systems;
- (4) Allowing the tax credit for solar energy, energy storage, and wind energy systems to be claimed if the system is approved in the taxable year and placed in the following taxable year;
- (5) Extending the date that the credits start decreasing by two years for solar energy systems and energy storage systems;
- (6) Reducing the cap amount for solar energy systems used primarily to generate electricity in single-family residential properties to \$8,000, with the intent to save money overall for taxpayers; and
- (7) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Should your Committee on Finance deliberate on this measure further, your Committee on Energy and Environmental Protection respectfully requests that the Department of Business, Economic Development and Tourism and the Department of Taxation comment on the revenue expectations if this measure is passed.

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 S.B. No. 2100, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2100, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

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

CHRIS LEE Chair

HSCR 1381-18

State of Hawaii
House of Representatives
The Twenty-ninth Legislature

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.:	Committee Referral: EEP, FIN	Date:	3-15-	-18
SB 2100, SD2 EEP, FIN 3 10 The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold 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)		4		
3. CULLEN, Ty J.K.				
4. KONG, Sam Satoru				
Trong, Sam Satora				
5. McKELVEY, Angus L.K.				
6. TODD, Chris				
7. YAMANE, Ryan I.				
8 MCDERMOTT Dak				
8. MCDERMOTT, Bob				
				···
TOTAL (8)	5			3
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				