

Honolulu, Hawaii

FEB 09 2018

RE: S.B. No. 2100  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Transportation and Energy, to which was referred S.B. No. 2100 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:

- (1) Amend the current renewable energy technology system tax credit by changing the language to focus on solar and wind energy properties, including energy storage properties in the tax credit, and phasing out the percentage of the solar energy property and energy storage property costs that can be used as a tax credit; and
- (2) Establish within the Department of Transportation a demonstration project for building energy efficiency designs that assist the State in reaching net zero emissions.

Your Committee received testimony in support of this measure from the Department of Transportation, Ulupono Initiative, and one individual. Your Committee received testimony in opposition to this measure from The Alliance for Solar Choice and Hawaii Solar Energy Association. Your Committee received comments on this measure from the Department of Taxation; Department of Business,



Economic Development, and Tourism; Tax Foundation of Hawaii; Kauai Island Utility Cooperative; Distributed Energy Resource Council of Hawaii; and Tesla.

Your Committee finds that this measure as currently written would have a negative impact on the renewable energy construction industry. As raised in testimony, changing the credit to apply to properties limits the amount of credits taxpayers can receive, as commercial projects often place multiple systems on a single property, and the timing on how the credits are phased out could lead to an unforeseen increase in costs for projects.

Your Committee also finds that there is currently another measure being proposed that establishes a demonstration project for building energy efficiency designs.

Your Committee has amended this measure by:

- (1) Reinstating the "systems" language, as opposed to amending the credit to apply to "properties";
- (2) Extending the date that the credits start decreasing from January 1, 2022, to January 1, 2024;
- (3) Allowing solar energy systems that have executed a customer contract prior to June 30, 2018, to receive a credit equal to thirty-five per cent of the basis, up to a cap, as long as the property is installed and first placed in service by December 31, 2019;
- (4) Deleting part II which would have established a demonstration project for building energy efficient designs; 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. 2100, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2100, 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. INOUE, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Transportation and Energy**  
**TRE**

Bill / Resolution No.:* <b>SB2100</b>	Committee Referral: <b>TRE, WAM</b>	Date: <b>1-31-2018</b>		
<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)	X			
ESPERO, Will (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene	X			
SHIMABUKURO, Maile S.L.				X
<b>TOTAL</b>	<b>3</b>			<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center;"><i>Will Espero</i></div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes