

STAND. COM. REP. NO. **2140**

Honolulu, Hawaii

FEB 09 2018

RE: S.B. No. 2101
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. 2101 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to expand the renewable energy technology tax credit to include a tax credit for ocean thermal energy conversion systems that are constructed for the purpose of research and development.

Your Committee received testimony in support of this measure from the Oahu County Committee on Legislative Priorities, Ulupono Initiative, and one individual. Your Committee received comments on this measure from the Department of Taxation, Natural Energy Laboratory of Hawaii Authority, and Tax Foundation of Hawaii.

Your Committee finds that ocean thermal energy conversion systems are a source of renewable energy, producing electricity using the temperature difference between deep cold water and warm tropical surface waters. Providing a tax credit for these systems will encourage the use of renewable energy systems and help Hawaii reach its renewable energy goals.

However, your Committee finds that this measure, as written, can create issues due to the ambiguity of some language.



Interpreting what constitutes an ocean thermal energy conversion "system" can lead to taxpayers attempting to find loopholes, to receive more tax credits than are allowable.

Your Committee has amended this measure by:

- (1) Changing references of "system" to "facility" in the context of ocean thermal energy conversion technologies; and
- (2) 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. 2101, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2101, 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.:* SB 2101	Committee Referral: TRE, WAM	Date: 2/1/2018		
<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
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: center; font-family: cursive; font-size: 1.2em; margin-top: 10px;"><i>Will Espero</i></div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes