

STAND. COM. REP. NO. 481

Honolulu, Hawaii

FEB 17 2017

RE: S.B. No. 665
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Transportation and Energy, to which was referred S.B. No. 665 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) Replace the current renewable energy technology systems tax credit with tax credits for solar energy property, wind energy property, and energy storage property; and
- (2) Establish a new calculation method and cap amount for the tax credit for a solar energy property and an energy storage property.

Your Committee received testimony in support of this measure from the Hawaii Solar Energy Association, Amber Kinetics, Distributed Energy Resources Council of Hawaii, Ulupono Initiative, and three individuals. Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; Tax Foundation of Hawaii; and one individual.

Your Committee finds that supporting the growth and development of alternative energy and alternative energy storage is essential to the future health of the State. Part of that



support requires the encouragement of widespread adoption of wind, solar, and energy storage properties. Tax credits are an effective method of fostering the development of these essential components of the State's changing energy landscape. Your Committee, however, understands the concerns raised in testimony that a tax credit, such as one targeting renewable energy systems, should be fiscally responsible. It is therefore important to ensure that those to whom the credit is available do not abuse or circumvent the tax credit offering and to also establish an end date for the incentive program to minimize the potential for abuse.

Your Committee has amended this measure by:

- (1) Establishing a cap for the credit available to owners of combined energy storage and solar energy systems;
- (2) Inserting language that no tax credit shall be allowed after the taxable year ending December 31, 2035; and
- (3) 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. 665, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 665, S.D. 1, and be referred to your Committee on Ways and Means.

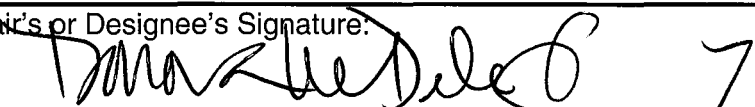
Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Energy,


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.:* SB665	Committee Referral: TRE, NAM	Date: 2/15/17		
<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
INOUE, Lorraine R. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
ENGLISH, J. Kalani				/
HARIMOTO, Breene				/
SHIMABUKURO, Maile S.L.	/			
TOTAL	3			2
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