

STAND. COM. REP. NO.

1186

Honolulu, Hawaii

MAR 01 2019

RE: S.B. No. 1163
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1163, 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 adjust tax incentives offered for renewable energy systems.

Specifically, this measure replaces the current renewable energy technologies income tax credit with separate tax credits for solar energy systems, wind energy systems, and commercial seawater air conditioning systems.

Your Committee received written comments in support of this measure from Adon Renewables; Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii; Hawaiian Electric Company, Inc.; Honolulu Seawater Air Conditioning; and two individuals.

Your Committee received written comments in opposition to this measure from the Alliance for Solar Choice, Tesla, and Hawaii Solar Energy Association.

Your Committee received written comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and Ulupono Initiative.



Your Committee finds that the cost of installing solar energy systems has been rapidly declining. Accordingly, your Committee finds that this measure gradually decreases the amount of the allowable tax credits in recognition of the reduced need for these types of incentives.

Your Committee has amended this measure by:

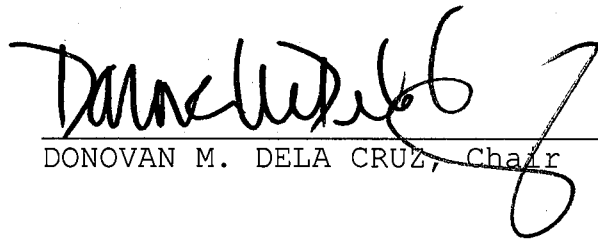
- (1) Changing the applicable cap amounts for the tax credits;
- (2) Removing the separate cap amount for multi-family residential property classified as low-income housing, affordable housing, or senior housing;
- (3) Providing that a utility solar energy system is eligible for a credit only if it is owned or procured by an electric utility under a power purchase agreement with an unregulated and unaffiliated independent power producer; provided that the ownership or power purchase agreement has been approved by the Public Utilities Commission;
- (4) Amending the definition of "grid-connected" to:
 - (A) Require that the electric system be connected and normally operated in parallel with the electric grid; and
 - (B) Provide that the term applies to wind energy systems as well as solar energy systems;
- (5) Requiring a solar or wind energy system to meet a total output capacity requirement to qualify for a tax credit;
- (6) Correcting a cross-reference to a provision relating to utility rebates;
- (7) Correcting a cross-reference to a provision allowing a taxpayer to receive a refund of the taxpayer's excess credit amount under certain conditions;



- (8) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (9) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

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. 1163, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1163, S.D. 2.

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




DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
<i>SB1163 SPI</i>	<i>EET, WAM</i>	<i>2/19/19</i>
<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	
DELA CRUZ, Donovan M. (C)	X	
KEITH-AGARAN, Gilbert S.C. (VC)	X	
ENGLISH, J. Kalani	X	
HARIMOTO, Breene		X
INOUYE, Lorraine R.	X	
KAHELE, Kaiali'i		X
KANUHA, Dru Mamo	X	
KIDANI, Michelle N.	X	
MORIWAKI, Sharon Y.	X	
RIVIERE, Gil	X	
SHIMABUKURO, Maile S.L.		X
TANIGUCHI, Brian T.		X
FEVELLA, Kurt	X	
TOTAL	9	4
Recommendation:		
<input checked="" type="checkbox"/> Adopted		
<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original	Yellow	Pink
File with Committee Report	Clerk's Office	Drafting Agency
		Goldenrod
		Committee File Copy

*Only one measure per Record of Votes