

STAND. COM. REP. NO.

3649

Honolulu, Hawaii

JUN 22 2020

RE: H.B. No. 202  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Energy, Economic Development, and Tourism,  
to which was referred H.B. No. 202, H.D. 2, 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) Repeal the renewable energy technologies income tax credit for solar energy systems and wind-powered energy systems for commercial properties for taxable years beginning after December 31, 2019, except for taxpayers subject to a power purchase agreement approved or pending approval by a decision and order issued by the Public Utilities Commission prior to December 31, 2019;
- (2) Increase the renewable energy technologies income tax credit cap amount for multi-family residential properties; and
- (3) Make the renewable energy technologies income tax credit unavailable after December 31, 2045.

Your Committee received testimony in support of this measure from Adon Renewables; Ho'ohana Solar 1, LLC; Hawaii Clean Power Alliance; SanHi Government Strategies; and Clearway Energy Group.



Your Committee received testimony in opposition to this measure from Tesla, EcoTipping Points Project, and Hawaii Solar Energy Association. Your Committee received comments on this measure from the Department of Taxation; Hawaii State Energy Office; Tax Foundation of Hawaii; 350Hawaii; Ulupono Initiative; Kaua'i Island Utility Cooperative; Hawaii Electric Company, Inc.; Climate Protectors Coalition; and eight individuals.

Your Committee finds that Hawaii has one of the highest costs-of-living in the nation, placing a tremendous burden on residents. Your Committee further finds that utility-scale renewable energy is critical to meeting the State's clean energy goals because it provides long-term, stable costs for drawing electricity from the grid. To drive down high costs that are passed on to the ratepayer, developers must assume the risks that are a part of the permitting, entitlements, and financing for these projects. Your Committee notes that these tax credits are applied to the rates that are contracted with the electric utilities and ultimately are reflected in the rates benefiting ratepayers.

Your Committee believes that any changes to the renewable energy technologies tax credit prior to the completion of necessary utility-scale projects could financially harm the developer's ability to deliver any proposed projects, which would ultimately harm the ratepayers and the State's energy policies. This measure will provide certain utility-scale renewable energy projects assurance that the currently available tax credit will still apply to certain projects to encourage the completion of these utility-scale energy projects and realize some savings by repealing the tax credit for certain taxpayers.

Your Committee has amended this measure by:

- (1) Clarifying that, for taxable years beginning after December 31, 2019, no tax credit shall be claimed for solar energy systems installed and placed in service for commercial properties that require a power purchase agreement approved by the Public Utilities Commission;
- (2) Clarifying that notwithstanding any amendment made to any applicable law for solar energy systems installed on commercial property pursuant to a power purchase



agreement that is either approved by a decision and order or filed and pending approval by the Public Utilities Commission, a taxpayer will continue to receive the tax credit under certain circumstances;

- (3) Specifying that a taxpayer may receive up to the applicable cap amount of \$500,000 per solar energy system that has a total output capacity of at least one thousand kilowatts per system of direct current;
- (4) Authorizing solar energy systems that are integrated with a pump hydroelectric storage system to continue collecting the renewable energy technologies tax credit if an applicable project approval filing has been submitted to the Public Utilities Commission by December 31, 2021; 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 Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 202, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 202, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

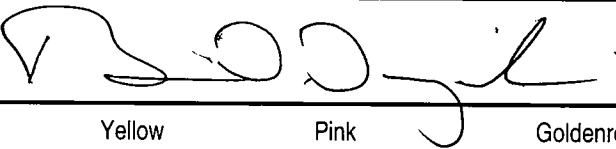
Respectfully submitted on  
behalf of the members of the  
Committee on Energy, Economic  
Development, and Tourism,

  
\_\_\_\_\_  
GLENN WAKAI, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Energy, Economic Development, and Tourism**  
**EET**

|                                                                                                                                                                                        |                     |           |     |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------|-----|---------|
| Bill / Resolution No.:*                                                                                                                                                                | Committee Referral: | Date:     |     |         |
| HB 202 HD2                                                                                                                                                                             | EET, WAM            | 3/13/2020 |     |         |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure.<br>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 |
| WAKAI, Glenn (C)                                                                                                                                                                       | ✓                   |           |     |         |
| TANIGUCHI, Brian T. (VC)                                                                                                                                                               | ✓                   |           |     |         |
| INOUE, Lorraine R.                                                                                                                                                                     |                     |           |     | ✓       |
| KEOHOKALOLE, Jarrett                                                                                                                                                                   | ✓                   |           |     |         |
| FEVELLA, Kurt                                                                                                                                                                          | ✓                   |           |     |         |
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| <b>TOTAL</b>                                                                                                                                                                           | 4                   | 0         | 0   | 1       |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted                                                                                       |                     |           |     |         |
| Chair's or Designee's Signature:                                                                   |                     |           |     |         |
| <b>Distribution:</b> Original     Yellow     Pink     Goldenrod<br>File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy                           |                     |           |     |         |

\*Only one measure per Record of Votes