

Honolulu, Hawaii

MAR 13 , 2020

RE: S.B. No. 1431
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 1431, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to encourage investment in the deployment of seawater air conditioning as a renewable energy technology by expanding the renewable energy technologies income tax credit to include commercial seawater air conditioning systems that are connected to a seawater air conditioning district cooling system.

Your Committee received testimony in support of this measure from Honolulu Seawater Air Conditioning, Uluono Initiative, 350Hawaii.org, and six individuals. Your Committee received comments on this measure from the Department of Taxation, Public Utilities Commission, Hawaii State Energy Office, and Tax Foundation of Hawaii.

Your Committee finds that providing tax incentives for the deployment of commercial seawater air conditioning systems will promote their adoption, thereby decreasing electricity use and reducing demand for fresh water.

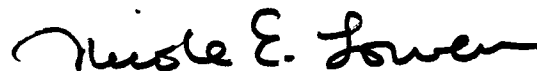


Your Committee has amended this measure by:

- (1) Establishing an income tax credit, separate from the renewable energy technologies income tax credit, for each commercial air conditioning system connecting to a seawater air conditioning district cooling system that is connected, installed, and placed into service on or after December 31, 2020;
- (2) Establishing the amount of the tax credit at the lesser of the actual cost of connecting the air conditioning system to the cooling system or \$250,000, per multi-family residential or commercial property;
- (3) Adding a definition of "property";
- (4) Making the tax credit inapplicable to taxable years beginning after December 31, 2030; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1431, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1431, S.D. 2, H.D. 1, and be referred to your Committee on Legislative Management.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



NICOLE E. LOWEN, Chair



