

STAND. COM. REP. NO.

2713

Honolulu, Hawaii

FEB 14 2020

RE: S.B. No. 1431

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 S.B. No. 1431 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to include
commercial air conditioning systems that are connected to seawater
as an authorized system to collect the renewable energy
technologies tax credit.

Your Committee received testimony in support of this measure
from Our Revolution Hawaii; We Are One, Inc; Seawater Air
Conditioning; 350Hawaii; Ulupono Initiative; and twelve
individuals. Your Committee received testimony in opposition to
this measure from one individual. Your Committee received
comments on this measure from the Department of Taxation, Hawaii
State Energy Office, and Tax Foundation of Hawaii.

Your Committee finds that the State must continue to support
established renewable energy resources and those emerging from new
technological advancements to meet its expansive renewable energy
goals. As a means to achieve Hawaii's renewable energy goals, the
State established a renewable energy technologies income tax
credit that incentivized the installation of solar and wind energy
systems throughout the State. Your Committee notes that since the



establishment of the renewable energy technologies tax credit, technological advancements have created multiple ways to tap into the natural environment to produce power. Seawater is an untapped and abundant renewable source of energy that can be used to offset certain electricity costs, such as costs incurred from air conditioning. This measure will apply the renewable energy technologies income tax credit to commercial seawater air conditioning systems, thereby bringing the State closer to its renewable energy goals.

Your Committee has amended this measure by:

- (1) Clarifying that the cap amount of tax credit allowed for a commercial air conditioning system connecting to a seawater air conditioning district cooling system is \$250,000, instead of \$500,000, and inserting language that sets an aggregate cap amount of \$5,000,000 for any taxable year;
- (2) Clarifying the definition of "commercial air conditioning system";
- (3) Specifying that cold deep seawater is a source of renewable energy for purposes of defining a renewable energy technology system;
- (4) Changing the effective date to July 1, 2020, and making this measure apply to taxable years beginning after December 31, 2020; 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 S.B. No. 1431, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1431, 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:		
SB 1431	EET, WAM	2/7/2020		
<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
WAKAI, Glenn (C)	/			
TANIGUCHI, Brian T. (VC)				/
INOUE, Lorraine R.	/			
KEOHOKALOPE, Jarrett	/			
FEVELLA, Kurt				/
TOTAL	3	0	0	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