DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR

ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Donovan M. Dela Cruz, Chair;
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair;
and Members of the Senate Committee on Ways and Means

From: Isaac W. Choy, Director
Department of Taxation

Date: April 1, 2021
Time: 9:30 A.M.
Place: Via Video Conference, State Capitol

Re: H.B. 1174, H.D. 1, S.D. 1, Relating to Taxation

The Department of Taxation (Department) offers the following comments regarding H.B. 1174, H.D. 1, S.D. 1, for your consideration. This measure has a defective effective date of July 1, 2050, but otherwise applies to taxable years beginning after December 31, 2021.

First, S.D. 1 amends the motion picture, digital media, and film production income tax credit provided under section 235-17, Hawaii Revised Statutes (HRS) (the film credit), to be claimed as nonrefundable rather than refundable. If the intent of this amendment is to allow an election for taxpayers to claim this credit as nonrefundable, the Department suggests the amendment to section 235-17(c), HRS, to read:

(c) If the tax credit under this section exceeds the taxpayer's income tax liability, the excess of the credit over liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted; provided that the taxpayer may elect to have the excess of credits over liability [~~shall~~] be refunded [~~to the taxpayer~~]; provided further that no refunds or payment on account of the tax credits allowed by this section shall be made for amounts less than $1. All claims, including any amended claims, for tax credits under this section shall be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the credit.

Second, Section 1 of S.D. 1 extends the sunset date to claim the film credit from December 31, 2025 to December 31, 2026. However, Section 3 of S.D. 1 extends the repeal date of the film credit from January 1, 2026 to January 1, 2033. The Department suggests that the inconsistency in the proposed sunset date of the film credit be resolved.

Third, Section 2 of S.D. 1 reduces the cap per system for the renewable energies technology income tax credit (RETITC) provided under section 235-12.5, HRS, by fifty percent and provides and exemption from the reduction for commercial systems used for an eligible community-based renewable energy project pursuant to section 269-27.4, HRS. This Section applies to taxable years beginning after December 31, 2021. Generally speaking, income tax amendments should be made effective by taxable years, however, for the RETITC, making the amendments effective by taxable year actually creates an unfair advantage between calendar and fiscal year taxpayers because the fiscal year taxpayer would have extra time to claim the credit under the old law which has higher caps. In order to address this issue, the Department suggests making the amendment to the RETITC effective for renewable energy technology systems installed and placed in service after December 31, 2021. As such, the Department suggests Section 5 of the measure to read:

> SECTION 5. This Act shall take effect on July 1, 2050; provided that:
> (1) Section 1 shall apply to taxable years beginning after December 31, 2021; and
> (2) Section 2 shall apply to renewable energy technology systems installed and placed in service after December 31, 2021.

Finally, the Department notes that P.L. 117-2, commonly known as the American Rescue Plan Act of 2021 (ARPA), provides State Coronavirus Fiscal Recovery Funds with certain limitations. Specifically, Section 9901 of the ARPA prohibits these funds from being used to, "either directly or indirectly offset a reduction in the net tax revenue of such State or territory resulting from a change in law, regulation, or administrative interpretation during the covered period that reduces any tax (by providing for a reduction in a rate, a rebate, a deduction, a credit, or otherwise) or delays the imposition of any tax or tax increase." The "covered period" is defined as beginning on March 3, 2021 and ending on the last day of the state's fiscal year in which the State's stimulus funds are completely expended.

If the State fails to comply with this restriction on use of funds, it is required to repay an amount equal to the lesser of: (1) the amount of the applicable reduction to net tax revenue attributable to such violation; and (2) the amount of funds received by such state under Section 9901 of the ARPA.

The Department cautions that the enactment of any tax measure resulting in a revenue loss during the covered period may result in the State having to repay an amount equal to the projected revenue loss from the State Coronavirus Fiscal Recovery Funds that Hawaii receives.

Thank you for the opportunity to provide testimony on this measure.

DAVID Y. IGE
GOVERNOR

GWEN S. YAMAMOTO LAU
EXECUTIVE DIRECTOR

HAWAII GREEN INFRASTRUCTURE AUTHORITY

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Website: gemshawaii.gov
Telephone: (808) 587-3868
Fax: (808) 587-3896

Testimony of
Gwen Yamamoto Lau
Executive Director
before the
SENATE COMMITTEE ON WAYS AND MEANS

Thursday, April 1, 2021
Time: 9:30 A.M.
State Capitol, Conference Room No. 211 & Videoconference

In consideration of
HOUSE BILL NO. 1174, HD1, SD1
RELATING TO TAXATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means:

Thank you for the opportunity to offer comments on House Bill 1174, HD1, SD1 relating to taxation. This bill proposes to amend the motion picture, digital media and film production income tax credit, and reduce the applicable cap amount of credit for each eligible renewable energy technology system, per section 235-12.5, Hawaii Revised Statutes, by half.

It is understandable, given the state's current fiscal crisis, to seek opportunities to decrease incentives, such as the solar tax credit. However, it is equally important, because of the state's current economic situation, to leverage fiscal policy tools, such as the solar tax credit, to spur continued and increased investments in green infrastructure, which will support our construction industry, stimulate economic recovery and drive higher paying green jobs. This is likely one of the reasons Congress passed the Energy Act of 2020 in late December as part of its omnibus package, which amongst other things, extended the federal Investment Tax Credit to benefit solar energy projects for two more years. Additionally, the injection of Federal funds provided by The American Rescue Plan Act of 2021, may provide fiscal relief sufficient to allow Hawaii's solar tax credit incentives to remain at its current levels, to drive projects and help Hawaii's displaced workers be re-tooled and re-employed with green jobs.

Further, it's no secret that Hawaii has the highest energy cost in the nation, coupled with a high cost of housing. Democratizing clean energy for our underserved[1] ratepayers to lower their energy costs will take the collective efforts of government, private capital providers, and energy stakeholders.

HGIA defers to DBEDT's Creative Industry Division on the proposed changes to the motion picture, digital media and film production income tax credit and Department of Taxation on implementation.

Thank you for this opportunity to provide comments for House Bill 1174, HD1, SD1.

[1] Underserved ratepayers are defined as low and moderate-income households, renters, nonprofits, small businesses (as defined by the U.S. Small Business Administration) and multi-family rental projects.

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

CHUNG I. CHANG
DEPUTY DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
MIKE MCCARTNEY
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Thursday, April 01, 2021
9:30 AM
State Capitol, Conference Room 211
In consideration of
HB 1174 HD1 SD1
RELATING TO TAXATION.

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means. The Department of Business, Economic Development and Tourism (DBEDT) offers the following comments on HB 1174 HD1 SD1 which amends the motion picture, digital media, and film production income tax credit.

Several amendments proposed in Part I, HB1174, HD1, SD1 to the Motion Picture, Digital Media and Film Production Income Tax Credit, §235-17 HRS—with the exception of the sunset date extension to January 1, 2033—are a detriment to supporting the infrastructure development for the industry.

These changes would adversely impact the retention of existing production and jeopardize future productions from coming to Hawaii to film. The refundable production tax credit program is an important tool which delivers consistent revenue streams and creates jobs in supporting the state's economic recovery efforts through the pandemic and beyond.

The extension of the sunset date will dramatically improve the state's ability to attract private investments and to advance the Legislature's and Administration's intent to build a new multi-stage facility so that our aspiring students have work opportunities after graduating from universities media education programs.

We note that there is language inconsistency related to public disclosure as reflected in lines 3-5 on page 5 of SD1 which state that taxpayer names shall be provided to the Legislature “in a redacted format to preserve the confidentiality of the taxpayers claiming the credit.” To carry out the statutory responsibilities of the proposed amendments, three positions are necessary for DBEDT to manage these duties.

The department defers to the State Energy Office to comment on Part II, related to the renewable energy technology system tax credit.

Thank you for the opportunity to testify.

HAWAII STATE ENERGY OFFICE
STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-3807
Fax: (808) 586-2536
Web: energy.hawaii.gov

Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
SENATE COMMITTEE ON WAYS AND MEANS

Thursday, April 1, 2021
9:30 AM
State Capitol, Conference Room 211 & Videoconference

Comments in consideration of
HB 1174, HD1, SD1
RELATING TO TAXATION.
(Written Testimony Only)

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee, the Hawaii State Energy Office (HSEO) offers comments on the section of HB 1174, HD1, SD1, which would reduce by half the renewable energy technologies income tax credit cap amounts for most residential and commercial systems, beginning in January of 2022.

HSEO's comments are guided by its mission to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient, clean energy, decarbonized economy.

Incentives have proven to be an effective mechanism to achieve these goals. A change of this degree could cause a significant disruption in the industry for behind-the-meter and grid-scale projects as well as for homeowners and businesses looking to reduce their expenses at this challenging time.

HB 1174, HD1, SD1 amends the start date to January 1, 2022. It also changes the cap amounts for solar energy systems and wind-powered energy systems to $500,000 per system for commercial property used for an eligible community-based renewable energy project. Based on amendments to the renewable energy technologies income tax credit in Act 61, Session Laws of Hawaii 2020, projects have moved forward with contracts and agreements based on the availability of the tax credit at is present amount. Reducing the tax credit would have detrimental effects on project financing and the construction of renewable energy projects to achieve the State’s renewable energy goals.

If the Legislature proceeds with this measure, HSEO recommends reviewing potential projects affected by this. HSEO defers to the Department of Taxation on the bill’s implementation.

Thank you for the opportunity to testify.

Testimony of Walea Constantinau,
Film Commissioner, Honolulu Film Office
City and County of Honolulu

COMMITTEE ON WAYS AND MEANS
April 1, 2021
9:30 AM
State Capitol, Conference Room 211 and Videoconference

RE: HB1174 HD1 SD1 RELATING TO TAXATION

TESTIMONY IN STRONG OPPOSITION DUE TO FLAWED LANGUAGE

Dear Chair Dela Cruz, Vice-chair Keith-Agaran, and members of the committees:

The Honolulu Film Office would like to thank the members for the long-standing support they have shown for Hawaii's film industry. Without a doubt, the challenges of the pandemic have wreaked havoc on our economy, but during these most challenging of times, **the film industry has stood out as a resilient and tenacious shining star of economic diversification.** And it is not the first crisis in which the industry has made a significant contribution. We saw record years after the attacks of 9/11 and after the 2008 economic collapse.

The existing tax credit is working, and thriving, even through our greatest challenges. We have a record number of television series filming on Oahu and production statewide creating jobs and spending significant dollars. A rough estimate for Oahu only is between $200 - $250 million in direct spend into the economy between July 2020 and June 2021.

Proposed language however is damaging in one area an conflicting in another:

1. the tax payer liability language as written will effectively nullify the credit

2. the transparency language as written directs DBEDT to publish information that only DoTAX can legally provide

We respectfully request that the language be revised to eliminate unintended consequences if the measure is to move forward.

The extension of the sunset date is greatly appreciated and respectfully, if the bill is to move forward, we request the sunset date be extended to 2033 to create the business certainty that is essential to the continued growth of the industy and can be a driver to much needed infrastructure development.

Thank you for the opportunity to testify.

LEGISLATIVE TAX BILL SERVICE

TAX FOUNDATION OF HAWAII
126 Queen Street, Suite 304 Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, GENERAL EXCISE, Motion Picture Credit Modification and Extension, Reduces Cap Amounts of Renewable Energy Credit

BILL NUMBER: HB 1174, SD1

INTRODUCED BY: Senate Committee on Energy, Economic Development, and Tourism

EXECUTIVE SUMMARY: Amends the motion picture, digital media, and film production income tax credit by: (1) Reducing the cap amount and aggregate cap amount of the credit; (2) Requiring the department of business, economic development, and tourism to publish on its website the names of the qualified productions and the amount of the tax credits claimed per qualified production per filing year; and (3) Allowing the tax credit for qualified productions to be carried over and applied to the taxpayer's future state tax liability. Extends the repeal date of the tax credit from 1/1/2026 to 1/1/2033. Effective 7/1/2050. Increases the cap amounts of the renewable energy technologies income tax credit for community-based renewable energy projects on commercial property.

SYNOPSIS:

Part I: Motion Picture, Digital Media, and Film Production

Amends section 235-17, HRS.

Provides that the credit is nonrefundable but may be carried forward until 12/31/2026.

Eliminates the requirement that the taxpayer using products or services from outside Hawaii show that reasonable efforts were unsuccessful to secure and use comparable products or services from within Hawaii.

Requires DBEDT to publish on its website the names of the qualified productions and the amount of tax credits claimed per qualified production per filing year.

Extends the sunset date of the credit to December 31, 2032.

Part II. Renewable Energy Technologies Credit

Amends section 235-12.5, HRS, to halve the per-system cap amounts for solar heating, other solar (photovoltaic, for example), and wind energy systems. The cap for community-based renewable energy projects on commercial property remains at $500,000.

Extends the repeal date of the credit to January 1, 2033.

EFFECTIVE DATE: 7/1/2050.

STAFF COMMENTS:

Part I: Motion Picture, Digital Media, and Film Production

The credit in section 235-17, HRS, was enacted as Act 107, SLH 1997, as a of the costs incurred in the State in the production of motion picture or television films. As enacted, the credit was 4% of regular production costs plus 6% of transient accommodations, mirroring the GET and TAT rates at the time. Act 156, SLH 1988, raised the TAT credit to 7.25% while also raising the TAT rate to 7.25%.

After a period where this credit took a back seat to the qualified high tech business program enacted by Act 221, SLH 2001, this credit was next amended by Act 88, SLH 2006, which added credits for digital media and replaced the GET and TAT bifurcation with a unified credit of 15% of qualified production costs incurred in the C&C of Honolulu and 20% in any other county. The act added a per-production cap of $8 million and sunset the credit on Jan. 1, 2016.

Act 89, SLH 2013, changed the credit percentages to 20% in Honolulu and 25% in any other county; raised the per-production limit to $15 million; and extended the sunset date to Jan. 1, 2019.

Act 143, SLH 2017, extended the sunset date for the credit to Jan. 1, 2026, and first imposed an aggregate cap of $35 million. Act 275, SLH 2019, raised the aggregate cap to $50 million.

We in Hawaii have had our production credit since 1997, so it's been more than twenty years. Have there been any studies about what the program has done for Hawaii's economy or Hawaii's tax revenue? None were cited to the Legislature when the Hawaii production tax credit was increased in 2013. Maybe we don't care as much about the hard dollars as we do about other intangible effects like local jobs, the development of a skilled workforce, or robust media education programs that simply weren't around at the turn of the century. Even if so, lawmakers should have data on these intangibles, and other cost-benefit information, so they can make intelligent decisions on this matter.

Certainly, the film industry promises increased opportunities. Some of them certainly have materialized. But chasing these opportunities needs to be balanced against the cold hard reality of solving the problems at hand. Lawmakers need to ask whether production tax credits create sustainable economic development. It's well known that most productions shoot for a while and then wrap; the crew that supports the production then jumps to the next one. A case may be made for the production credits if they keep the productions rolling in and contributing to the economy. But the people of Hawaii need to see that case to justify continued redirection of resources to these credits while those resources could instead lower the overall tax burden not only for families but for the businesses that provide long-term employment for Hawaii's people.

As a technical matter, the requirement that DBEDT publish taxpayer credit information on its website is not consistent with the return information confidentiality law, HRS section 235-116. DBEDT's compliance with the provision would be punishable as a Class C felony unless appropriate modifications are made to section 235-116.

Part II. Renewable Energy Technologies Credit

The tax system is there to raise revenue to keep the government moving. Using the tax system to shape social policy merely throws the revenue raising system out of whack, making the system less than reliable as there is no way to determine how many taxpayers will avail themselves of the credit and in what amount.

Furthermore, tax credits are nothing more than the expenditure of public dollars, but out the back door. If, in fact, these dollars were subject to the appropriation process, would taxpayers be as generous about the expenditure of these funds when our kids are roasting in the public school classrooms, there isn't enough money for social service programs, or our state hospitals are on the verge of collapse?

For these reasons, we believe this part of the bill is a step in the right direction. Section 235-12.5, HRS, can be traced back to Act 207, SLH 2003. The argument that the industry is a fledgling industry still needing mother's milk vaporized years ago. This bill would help to wean the industry away from credits and toward economic survival in the marketplace.

Digested 3/27/2021

The Senate
The Thirty-First Legislature
Regular Session of 2021

COMMITTEE ON WAYS AND MEANS
Sen. Donovan M Dela Cruz, Chair
Sen. Gilbert S.C. Keith-Agaran, Vice Chair

RE: HB 1174, HD1, SD1 RELATING TO TAXATION

Date: Thursday, April 1, 2021
Time: 9:00 a.m.
Conference Room 221 & Videoconference
State Capitol
415 South Beretania Street

March 29, 2021

From: Roy Tjioe and Ricardo Galindez
Island Film Group
99-1245 Halawa Valley St.
Aiea, HI 96701
808-536-7955

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

Our Background
We are a locally owned and operated production company. We began working in Hawaii's film and television industry in 2001 as attorneys at Goodsill Anderson Quinn & Stifel, where we represented filmmakers and other production companies. Since our formation of Island Film Group in 2007, we have been working full-time as producers of feature films such as "Princess Ka`iulani" and "Soul Surfer", network and cable television movies and series, as well as a variety of commercial productions.

We SUPPORT the following provisions of HB 1174, HD1, SD1:

1. **Allowing the tax credit to be carried over and applied to a taxpayer's future state tax liability**.

   This will save the State money by incentivizing taxpayers not to take excess tax credit in cash and will benefit local taxpayers since the use of the tax credit to pay for state tax liability will not be subject to federal income tax.

The language in SD1 as written appears ambiguous, however, and should be **amended** as follows by deleting the phrase "shall not be refunded, but" to clarify that the taxpayer may elect to receive the tax credit excess over liability as a refund or to carry it forward against future liability.

SECTION 2. Section 235-17, Hawaii Revised Statutes, is amended as follows:

1. By amending subsections (c) and (d) to read:

"(c) If the tax credit under this section exceeds the taxpayer's income tax liability, the excess of credits over liability shall be refunded to the taxpayer; provided that no refunds or payment on account of the tax credits allowed by this section shall be made for amounts less than $1[~~.~~]; provided that, for qualified productions, if the tax credit exceeds the taxpayer's income tax liability, the excess of credit over liability ~~shall not be refunded, but~~ may be carried forward until exhausted.

2. **We propose allowing the disproportionate allocation of the tax credits, making it easier to raise money for qualified productions.**

The Department of Taxation currently requires that tax credits be allocated in proportion to a taxpayer's investment in a production. The disproportionate allocation of the tax credit would allow greater flexibility in the negotiation among investors for a film project and allow qualified productions to attract greater investment from Hawaii investors – all without costing the state any additional money.

Accordingly, to work in tandem with the tax credit carryforward provision, we respectfully propose the following amendment to section 235-17:

In the case of a partnership, S corporation, estate, or trust, the tax credit allowable is for qualified production costs incurred by the entity for the taxable year. The cost upon which the tax credit is computed shall be determined at the entity level. With respect to a partner's distributive share, Section 704 of the Internal Revenue Code shall be operative for purposes of this chapter, except that section 704(b)(2) shall not apply.

Me ke aloha,

Roy Tjioe and Ricardo Galindez
Co-Founders
Island Film Group

(808) 536-7955 islandfilmgroup.com 99-1245 Halawa Valley St. Aiea HI 96701

HB-1174-SD-1
Submitted on: 3/30/2021 12:35:51 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Monica Beltran del Rio	Testifying for ProVision Solar	Oppose	No

Comments:

oppose

HB-1174-SD-1
Submitted on: 3/30/2021 1:03:39 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kim Keahiolalo	Testifying for ProVision Solar	Oppose	No

Comments:

Please don’t ax the tax credits for solar.

Please consider that the solar industry employs over 2,500 people in Hawaii.

Jobs matter as much as the environment.

By promoting energy independence and resilience through solar energy, you are making Hawaii a more secure and self-sufficient place to live.

Subsidies make the choice for alternative energy an option for many who would otherwise not be able o afford a solar energy system.

By reducing subsides the only alternative is dirty fossil fuel and status quo energy reliance on large corporations.

Solar tax credits are a solution that improve people’s lives as well as reduce pollution.

Without solar hot water many homes would suffer economically just to have hot water.

Please keep the tax credits and please consider the implications of making energy more expensive for our island residents. Please don’t ax the tax credits for solar.

Kim Keahiolalo

ProVision Solar

Hilo

TESTIMONY OPPOSING HB1174, SD1, Part II.

Senate Committee on Ways and Means
April 1, 2021 at 9:30am

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee:

Tesla is in opposition to HB1174, SD1, Part II which cuts the solar tax credit dollar cap in half for all solar projects starting on January 1st, 2022. We respectfully ask that Part II be removed from the bill.

We appreciate the difficult decisions you have to make in this budget climate. However, by dramatically reducing the value of the tax credit in a single step, the bill threatens to disrupt an entire industry that employs thousands of people in meaningful work advancing key state policy goals. This could have the unintended effect of exacerbating an already challenging fiscal outlook.

In past years, Tesla has supported a compromise proposal that would gradually step down the tax credit to zero over a 10+ year period. This would give the industry and customers adequate notice and allow all stakeholders to plan for the eventual elimination of the credit in a fair and rational manner. We respectfully ask that you consider this again.

TESLA

Tesla, Inc.
3500 Deer Creek Road, Palo Alto, CA 94304
p +650 681 5100 f +650 681 5101

HB-1174-SD-1
Submitted on: 3/30/2021 3:00:20 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
David Mulinix	Testifying for Our Revolution Hawaii	Oppose	No

Comments:

Aloha Chair Senator Dela Cruz & Committee Members,

On behalf of Our Revolution Hawaii's 7,000 members and supporters statewide, we STRONGLY OPPOSE HB1174 HD1 SD1 as it is currently amended.

We urge you to do remove the proposed Senate amendment to HB1174 in Section 3, which cuts the Renewable Energy Tax Credits. HB1174 is a bill about tax credits for the movie industry, not about renewable energy.

This is a bad bill in its current form, SD1 and SD1 Proposed, isn't related to the movie industry and is very bad public policy. We are facing a Climate Crisis and now is not the time to be reducing Renewable Energy Tax Credits, if anything we should be doubling them!

Mahalo for your kind attention,

Dave Mulinix

Hawaii State Community Organizer

Our Revolution Hawaii

Kaua`i Island Utility Cooperative
sure Your Touchstone Energy® Cooperative

Testimony Before the Senate Committee on Ways and Means

By David Bissell
President and Chief Executive Officer
Kauai Island Utility Cooperative
4463 Pahee Street, Suite 1, Lihue, Hawaii, 96766-2000

Thursday, April 1, 2021; 9:30 am
Conference Room #211

House Bill No. 1174 HD1 SD1 - Relating to Taxation

To the Honorable Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Committee:

Kauai Island Utility Cooperative (KIUC) is a not-for-profit utility providing electrical service to more than 33,000 commercial and residential members. Over the past 10 years, KIUC has made great strides in achieving the state mandate of 100% renewable generation by the year 2045. In 2020, KIUC's energy mix included more than 60% renewable generation, leading the state. Also in 2020, KIUC operated the Kauai electric grid at 100% renewable generation on 280 separate days for a total of 1,497 hours.

KIUC believes that HRS §235-12.5 has successfully incentivized the energy sector's movement toward 100% renewable energy generation, especially through the use of credits for eligible renewable energy technology systems for commercial properties.

KIUC has utilized the tax credits allowable under HRS §235-12.5 to develop projects that boosted its renewable production from 11% in 2013 to more than 60% in 2020. Seventy-one megawatts (MW) of utility-scale solar and solar-plus-storage facilities have been added during that period. KIUC has seen significant stabilization in its rates over the past five years, in large part due to replacing the volatile pricing of fossil fuels with the stability of long-term power purchase agreements (PPA) for renewable energy resources that have benefited from these tax credits.

Last year, HRS §235-12.5 was amended to include credits for a solar pumped storage hydro project, which applies to the West Kauai Energy Project. In order to comply with the amendment, KIUC filed a power purchase agreement for the project with the Hawaii Public Utilities Commission in December 2020. **We do not expect these credits to be claimed until 2025, when WKEP is projected to be complete.**

WKEP, which will provide long-duration storage and push KIUC above 80% renewable, is critically important in our strategic plan to meet the State of Hawaii mandate of 100% renewable by 2045. If successful, this project will invest more than $100 million in the rehabilitation and maintenance of state-owned infrastructure – namely diversion structures, ditches and reservoirs – from Kokee to Mana. It will allow the Department of Hawaiian Home Lands to put hundreds of acres of agricultural land back into use, while ensuring that the instream flow standard recently established for the Waimea River and its tributaries is met.

The cost to build and maintain WKEP will be financed over a period of 50 years by the sale of electricity to KIUC members. The power purchase agreement pending PUC approval includes the assumption that these credits will remain available to the project. Rescinding the tax credits would result in an increase in project costs, which will ultimately be passed on to KIUC's member-owners.

We ask for your consideration of the long-term benefits of WKEP not just to KIUC, but to the State of Hawaii as well, and **urge you to adopt the following amendment to HB 1174 HD1 SD1, under Part II, Section 3. (2) (C):**

(C) [~~$500,000~~] $250,000 per system for commercial property [~~.~~]<u>; provided that the cap amount shall be $500,000 per system for commercial property used for an eligible community-based renewable energy project pursuant to section 269-27.4, or for each solar energy system integrated with a pumped hydroelectric energy storage system pursuant to section 235-12.5 (a) (1) (C)</u>; and

Thank you for your consideration.

SIERRA CLUB OF HAWAI‘I

SENATE COMMITTEE ON WAYS AND MEANS

April 1, 2021 9:30 AM

In OPPOSITION of HB1174 HD1 SD1: Relating to Taxation

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee,

On behalf of our 27,000 members and supporters, the Sierra Club of Hawai‘i **opposes HB1174 HD1 SD1, in particular Part II of the SD1, which proposes to cut the state's Renewable Energy Income Tax Credit by 50%, effective January 1, 2022.** We take no position on the Part I of the bill as it relates to the film industry tax credits.

The Hawai‘i Legislature will need to make difficult decisions to address Hawai‘i's current and projected budget shortfalls amidst the COVID-19 pandemic. While COVID-19 relief and response funding remains the top priority, we urge you to also be working to save as many jobs as possible while supporting a more sustainable, equitable economic future in the long-term.

One of the sustainable, long term actions we need is to preserve Hawai‘i's solar tax credit. The current solar tax credit not only makes installing solar systems on homes and local businesses affordable, it also lowers everyone's electricity bills, supports thousands of local solar jobs in our communities, and provides tax revenue to the state.

While Hawai‘i's tourism-based economy continues to struggle, we need to look at diversified industries that can be preserved and expanded to fill unemployment gaps. The solar industry is just that—70% of the solar companies in Hawai‘i are locally owned and operated, employing over 4,000 installers, contractors, sales representatives, electricians, and many others in good paying, sustainable jobs.[1] If solar becomes unaffordable, the industry itself would dissolve at a critical time in the climate crisis and thousands of jobs would be lost.

The tax credit provides cost-savings to consumers:

The Hawai‘i Energy Tax Credit allows individuals to claim an income tax credit of as much as 35% of the cost of equipment and installation of a residential photovoltaic (PV) system or solar hot water heater. The tax credit for a PV system is currently capped at $5,000 per "5 kW system" and the tax credit for solar hot water systems is capped at $2,250. We oppose reducing this credit.

---

[1] US Department of Energy, Hawaii Energy and Employment Report, 2020:
https://static1.squarespace.com/static/5a98cf80ec4eb7c5cd928c61/t/5e78139de08d1b666d1ed07e/1584927646547/Hawaii-2020.pdf

The tax credit has helped drop the average electricity bill in Hawaiʻi by 20% for all ratepayers from 2011-2018[2], not just those who benefited from the tax credit themselves. In our current economic landscape, Hawaiʻi's residents are looking to save as much money each month as they can.

The state benefits from the solar tax credit:

Studies show that for each solar tax credit dollar spent, the state receives $1.97-$2.67 dollars in additional tax revenues[3]—meaning that the state makes $137 million from a $70-million-a-year expenditure.

Hawaiʻi also has the ambitious goal of being 100% renewable energy powered by 2045. The Hawaiian Electric Company acknowledges that rooftop solar is essential to reach that goal.[4] Eliminating the state's tax credit would not only cripple our local solar industry, but severely limit Hawaiʻi's ability to reach our clean energy goals.

Why preserve the tax credit now, when the state is looking at major budget cuts?

Hawaiʻi needs a diversified economy more than ever. Relying on industries such as tourism are not sustainable—for our people or environment—and we now see how fragile a tourism-based economy can be. Supporting other industries, like the local solar industry, can help diversify our workforce and will likely be a growing industry as we track closer toward 100% renewable energy sources. The Solar Foundation estimates that for every megawatt of residential solar installed, 38.7 jobs are created.[5]

It is also safe to assume that once a tax credit is reduced, it is unlikely to be re-implemented in the future. The cost of solar has been dropping, which means that installs which were not feasible are becoming feasible. Reducing the tax credit now adversely impacts low-middle income residents who have so far been unable to afford a solar PV or a solar hot water system.

It is critical to keep the renewable energy income tax credit available, as is, to incentivize clean energy and bolster the solar industry through the COVID-19 crisis. **We oppose the SD1 and ask you to please remove Part II to keep the renewable energy income tax credit intact.**

---

[2] Hawaii State Energy Office, Hawaii Energy Facts and Figures, July 2019: https://energy.hawaii.gov/wp-content/uploads/2019/07/2019-FF_Final.pdf

[3] Thomas A. Loudat & Prahlad Kasturi, 2017. "The Economic and Fiscal Impacts of Hawaii's Solar Tax Credit," International Journal of Energy Economics and Policy, Econjournals, vol. 7(1), pages 224-252: https://ideas.repec.org/a/eco/journ2/2017-01-24.html

[4] SP Global Marketplace Intelligence, "Hawaiian Electric says rooftop solar essential to meet 100% clean energy goal", Feb. 14, 2020: https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/hawaiian-electric-says-rooftop-solar-essential-to-meet-100-clean-energy-goal-57108589

[5] National Solar Jobs Census 2018, The Solar Foundation: https://resources.solarbusinesshub.com/images/reports/206.pdf

TESTIMONY BEFORE THE SENATE
COMMITTEE ON WAYS AND MEANS

HB 1174,SD 1
Relating to Taxation

Wednesday, April 1, 2021
9:30 a.m., Agenda Item #27
State Capitol, Conference Room 211 & Via Videoconference

Kaiulani Shinsato
Director, Customer Energy Resources Programs
Hawaiian Electric Company

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

My name is Kaiulani Shinsato and I am testifying on behalf of Hawaiian Electric Company with comments on HB 1174 SD1, Relating to Taxation. Hawaiian Electric respectfully requests consideration **in opposition to reducing the tax credit for commercial properties, supports the inclusion of a tax credit for Community-Based Renewable Energy ("CBRE") projects on a commercial property, and takes no position on the reduction of the tax credit for residential properties in this bill.**

HB 1174 SD1 amends subsection (b)(2)(C) to HRS Section 235-12.5, which would reduce the solar energy system cap amount for commercial properties from $500,000 to $250,000 per system taking effect on January 1, 2022. Hawaiian Electric opposes a reduction of the tax credit for utility scale projects with power purchase agreements approved by the Public Utilities Commission that will benefit all customers. Hawaiian Electric opposes such a change because the tax credit allows for the procurement of lower cost energy, which is needed if Hawaii is to reach our 100% renewable energy goals in a cost-effective manner. Reducing the tax credit for new commercial projects will raise the cost of energy for our customers, primarily impacting those who do not have rooftop solar. To this end, Hawaiian Electric supports tax credits for solar projects dedicated to helping customers with low to moderate incomes. Hawaiian Electric is currently working on developing these types of programs through, for example, its CBRE Program.

The largest procurement of renewable energy in the State's history is currently ongoing. If developers are eligible for the tax credit, they will be required to pursue and remit the tax credit proceeds they receive to Hawaiian Electric, and Hawaiian Electric would pass such proceeds through to customers directly and without mark-up, resulting in a reduction to customers' electric bills. If the tax credit were to be reduced for future projects, these projects would be more costly. We also note that tax credits for utility scale generation allow those who cannot afford rooftop solar or who live in condos or rental units the ability to benefit from the low-cost renewable energy.

HB 1174 SD1 also proposes the inclusion of a cap amount of $500,000 per system for a commercial property used for an eligible CBRE project pursuant to HRS Section 269-27.4. Hawaiian Electric supports this tax credit cap because commercial properties, including rooftops, parking structures and open land, that host CBRE projects can generally be operational faster than larger utility-scale projects and thus providing more timely renewable energy benefits to those segments needing it the most, including low-to-moderate income customers. This tax credit would grow the number of these types of projects, which are often overlooked because of the advantages in economies of scale of larger projects which can take much longer to become operational.

HB 1174 SD1 also amends subsection (b)(2)(A) and (b)(2)(B) to HRS Section 235-12.5, which would reduce the solar energy system cap amount for single-family residential property from $5,000 to $2,500 per system and multi-family residential property from $350 to $175 per unit per system taking effect on January 1, 2022.

At this time, Hawaiian Electric takes no position on whether the tax credit for residential systems should be reduced. The segment of our customers who have generally benefited from this tax credit are homeowners who are financially able to invest in a rooftop solar system. Moreover, residential income tax credits were intended to spur early adoption in a nascent industry, but they have arguably served their purpose now that Hawaii is leading the nation in customer adoption of rooftop solar. In the current environment of a State budget shortfall due to COVID-19, the Company recognizes that it may be prudent to decrease this tax credit that benefits customers with a relatively higher income demographic. That said, the Company is relying heavily on customer-sited renewable energy to reach the State's 100 percent clean energy goals by 2045 and views renewable energy as a catalyst to economic recovery from COVID-19. Thus, the current amount of tax credit may have a stronger incentive for customers to invest in private rooftop solar, which then supports the local solar industry, provides jobs, supports our economy, and advances Hawai'i's renewable energy goals. For these reasons, at this time, Hawaiian Electric defers to the Legislature to more holistically weigh competing budgetary priorities during this economic climate and takes no position on the residential tax credit.

Accordingly, Hawaiian Electric opposes reducing the tax credit for commercial properties, supports the inclusion of a tax credit for CBRE projects on a commercial property, and takes no position on the reduction of the tax credit for residential properties in HB 1174 SD1. Thank you for this opportunity to testify.

SENATE COMMITTEE ON WAYS AND MEANS
April 1, 2021, 9:30 A.M.
Video Conference

TESTIMONY IN OPPOSITION TO HB 1174 HD1 SD1

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Blue Planet Foundation **opposes Part II of HB 1174 HD1 SD1**, which cuts in half the amounts of the renewable energy technologies income tax credit in Hawai‘i. We recognize that the legislature is faced with difficult decisions about balancing the state budget as Hawai‘i seeks to recover from the economic impacts of the COVID-19 pandemic. Yet this is precisely the moment when we must be making policy decisions that support a path toward a diversified economy rather than reverting back to our fragile tourism-dependent economy.

Solar energy is a bright spot in Hawai‘i. The solar tax credit has been effective at making Hawai‘i a leader in solar installations—creating local jobs and providing steady revenue from its business creation. In addition, thanks to the tax credit more Hawai‘i families and businesses have access to the benefits of clean energy and reduced electricity bills, including low- and moderate-income residents we were not in a financial position to be early adopters of this technology.

The renewable energy tax credit supports local economic activity, energy independence, and homegrown power. The installation of solar water heaters, photovoltaic systems, and wind systems helps to plug the leak of billions of dollars out of the islands' economy to pay for imported fossil fuel—in 2019, for example, more than 90% of foreign crude imports to Hawai‘i came from Libya and Russia.[1] In contrast, investments in local, renewable technology—and the companies and jobs that provide it—pay dividends back to the state in the form of income tax, general excise tax, and outside investment—among other forms.

Every roof in Hawai‘i should be home to solar energy (either photovoltaic or solar hot water or both). Distributed energy engages more people in our clean energy future, encourages private investment in our power system, increases energy and community resilience, and creates a steady stream of well-paying jobs.

---

[1] "Hawai‘i's Energy Facts & Figures, 2020 Edition," Hawaii State Energy Office, https://energy.hawaii.gov/wp-content/uploads/2020/11/HSEO_FactsAndFigures-2020.pdf.

info@blueplanetfoundation.org
55 Merchant Street 17th Floor • Honolulu, Hawai‘i 96813 • 808-954-6161 • blueplanetfoundation.org

Gradually stepping down the renewable energy tax credit over time makes sense, but Blue Planet respectfully encourages the Committee to consider a longer step-down period than the abrupt and swift 50% cut proposed in Part II of HB 1174 HD1 SD1.

Thank you for the opportunity to provide testimony.

Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Thursday, April 1, 2021 — 9:30 a.m.

Ulupono Initiative offers comments on HB 1174 HD 1 SD 1, Relating to Taxation.

Dear Chair Dela Cruz and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawaiʻi-focused impact investment firm that strives to improve quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food; renewable energy and clean transportation; and better management of freshwater and waste.

Ulupono offers comments on HB 1174 HD 1 SD 1, which, in Part II, reduces the cap amounts of the Renewable Energy Technologies Income Tax Credit (RETITC) by half for each eligible renewable energy technology system defined by Section 235-12.5. This bill also increases the cap amounts of the renewable energy technologies income tax credit for community-based renewable energy projects on commercial property.

Ulupono recognizes that the legislature is facing many difficult decisions this year to balance the budget as a result of the economic crisis created by COVID-19. It is also fair to acknowledge the significant progress that distributed energy resources (DER), specifically rooftop solar, has made in Hawaiʻi since 2014. However, several considerations should be noted prior to considering cutting the RETITC, effective January 1, 2021.

First, Ulupono does not believe it is reasonable to eliminate the RETITC this year. This action may jeopardize bringing additional renewable energy onto the electric system, as many residents have likely already relied upon the RETITC to purchase a renewable energy system or will do so prior to the end of this legislative session. Therefore, if the legislature intends to move forward with SB 1237, Ulupono recommends that it take effect at a future date, no earlier than July 1, 2021.

Second, although Ulupono is supportive of an eventual reduction of the RETITC, the legislature should be cognizant of the economic benefits provided by the clean energy sector and how it can assist in rebuilding our economy. Ulupono believes it may be an oversight to phase out the RETITC at a time when activity generated by the clean energy sector will likely provide additional tax revenue, jobs, and energy bill savings for Hawai'i's residents.

Last, the Public Utilities Commission (PUC) is in the midst of working with interested stakeholders to implement longer-term program options to replace the interim DER programs (Customer Grid Supply Plus, Customer Self Supply, and Smart Export) which have credit rates set to expire in October 2022. However, as residents continue to invest in solar PV systems, there is a risk that the interim program capacity limits may be reached.[1] If so, many interested customers may discontinue their pursuit to install renewable energy generation as the economic incentives via the RETITC or interim program credit rates will no longer apply to their initial investment. Ulupono would be more comfortable with supporting a phase out of the RETITC once new, longer-term DER programs are approved by the PUC.

Thank you for this opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

[1]*See* Docket 2019-0323 – Instituting a Proceeding to Investigate Distributed Energy Resources Policies, Letter from Hawaiian Electric re Notification regarding Smart Export and Customer Grid Supply Plus Program Capacities at 2, filed January 29, 2021. "With regards to the CGS+ program, the Company is providing notice that O'ahu has reached the 90% threshold for conditionally approved applications…Hawai'i Island is at 61%, Maui County is at 68% of their respective CGS+ program caps. With regard to Smart Export, Hawai'i Island is at 63%, Maui County is at 62% and O'ahu is at 54% of its respective Smart Export cap for conditionally approved applications."

HB-1174-SD-1
Submitted on: 3/30/2021 11:43:35 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ted Bohlen	Testifying for Climate Protectors Hawaiâ€˜i	Oppose	No

Comments:

To: The Honorable Donovan Dela Cruz, Chair, The Honorable Gilbert Keith-Agaran, Vice Chair, and Members of the Senate Committee on Ways and Means

From: Climate Protectors Hawai‘i (by Ted Bohlen)

Re: Hearing **HB1174 HD1 SD1 RELATING TO TAXATION.**

Hearing: Thursday, April 1, 2021, 9:30 a.m., Rm. 211 and by videoconference

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate Committee on Ways and Means:

The Climate Protectors Hawai‘i is a group focused on reversing the climate crisis and encouraging Hawai‘i to lead the world towards a safe and sustainable climate and future. **The Climate Protectors Hawai‘i STRONGLY OPPOSES the language in SD1 cutting in half the cap amounts of the renewable energy technologies tax credit in part 2, Section 3.**

As a tropical island State, Hawai‘i will be among the first places harmed by the global climate crisis, with more intense storms, loss of protective coral reefs, food insecurity, and rising sea levels destroying our shorelines. We must do all we can to reduce our carbon footprint and become carbon negative as soon as possible.

This bill is mostly about tax credits for the motion picture industry. The Climate Protectors Hawai‘i takes no position on that.

However, the SD1 version of the bill has inserted unrelated language to cut in half the cap amounts of the renewable energy technologies tax credit in part 2, Section 3. **The Climate Protectors Hawai‘i STRONGLY OPPOSES these unwise cuts.** It is not prudent to cut incentives for renewable technology systems at a time when Hawai‘i is striving to reduce its greenhouse gas emissions and become carbon negative as soon as possible. These cuts will lead to higher greenhouse gas emissions, which contributes to more intense storms, loss of protective coral reefs, food insecurity, and even more sea level rise that will destroy our shorelines. These cuts are not good public policy and are contrary to the long term interests of the people of Hawaiʻi.

Please amend this bill by deleting all of the cuts to the renewable energy technologies tax credit cap amounts in Part II Section 3.

Mahalo!

Climate Protectors Hawaiʻi (by Ted Bohlen)

To: The Senate Committee on Ways and Means
From: Sherry Pollack, 350Hawaii.org
Date: Thursday, April 1, 2021, 9:30am

In strong opposition to HB1174 HD1 SD1

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee members of Ways and Means,

I am Co-Founder of the Hawaii chapter of 350.org, the largest international organization dedicated to fighting climate change. On behalf of our 6,000 members and supporters, 350Hawaii.org offers the following comments on this bill.

This bill is mostly about tax credits for the motion picture industry. 350Hawaii takes no position on that.

However, the SD1 version of the bill has inserted unrelated language to cut in half the cap amounts of the renewable energy technologies income tax credit in part 2, Section 3. 350Hawaii **STRONGLY OPPOSES these unwise cuts.** It is not prudent to cut incentives for renewable technologies at a time when Hawaii is striving to reduce its greenhouse gas emissions and become carbon negative as soon as possible. These cuts will lead to higher greenhouse gas emissions, which contributes to more intense storms, loss of protective coral reefs, food insecurity, and even more sea level rise that will destroy our shorelines. These cuts are not good public policy and are contrary to the long-term interests of the people of Hawaii.

Please amend this bill by deleting all of the cuts to the renewable energy technologies tax credit cap amounts in Part II Section 3. We are facing a climate crisis and now is not the time to be reducing renewable energy tax credits. If anything, we should be doubling them!

Mahalo for the opportunity to testify.

Sherry Pollack
Co-Founder, 350Hawaii.org

Environmental Caucus of The Democratic Party of Hawaiʻi

April 1, 2021

To: Senate Committee on Ways and Means
Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair, and
Members of the Committee on Ways and Means

Re: HB1174, HD1, SD1 RELATING TO TAXATION

Hearing: Thursday, April 1, 2021, 9:30 a.m., Room 211 via videoconference

Position: **OPPOSITION**

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means

The Environmental Caucus of the Democratic Party of Hawaiʻi and its Natural Resources Committee and Human Environmental Impacts Committee OPPOSES HB 1174, HD1, SD1. HB1174, HD1, SD1 amends the motion picture, digital media, and film production income tax credit by: (l) Reducing the cap amount and aggregate cap amount of the credit; (2) Requiring the department of business, economic development, and tourism to publish on its website the names of the qualified productions and the amount of the tax credits certified per qualified production per filing year; (4) Allowing the tax credit for qualified productions to be carried over and applied to the taxpayer's future state tax liability. It changes the sunset date sunset date to January l, 2026 and extends the repeal date of the tax credit from 1/1/2026 to 1/1/2033. Effective 7/1/2050. It increases the cap amounts of the renewable energy technologies income tax credit for community-based renewable energy projects on commercial property. This Act applies to taxable years beginning after 12/31/2021.

The Democratic Party of Hawai`i (Party) has adopted at its 2018 State Convention, clear safeguards to protect the ʻ*āina* through combating climate change by eliminating fossil fuels through electrification. At page 18 of the Party Platform, it specifically provides:

> "We are committed to getting 100 percent of our electricity from clean energy sources within a decade. . .. We will transform Hawaiʻi's transportation by reducing fossil fuel consumption through cleaner fuels, vehicle electrification, and increasing the fuel efficiency of cars, boilers, ships, and trucks. We will make new investments in public transportation and build bicycle and pedestrian infrastructure across our urban and suburban areas. . ..

> Democrats are committed to defending, implementing and extending smart pollution and efficiency standards and fuel economy standards for automobiles and heavy-duty vehicles, building codes and appliance standards. We are also committed to expanding clean energy research and development.
>
> We will work to expand access to cost-saving renewable energy by low-income households, create good-paying jobs in communities that struggled with energy poverty, and oppose efforts by utilities to limit consumer choice or slow clean energy deployment. We will streamline State permitting to accelerate the construction of new transmission lines to get low-cost renewable energy to market, and incentivize wind, solar, and other renewable energy.

While this bill appears to be supported by the 2018 Democratic Party of Hawai`i Platform, we urge this Committee to amend HB1174, HD1, SD1 to eliminate the language in Part 2, Section 3 which cuts in half the cap amounts of the renewable energy technologies income tax credit. The Environmental Caucus of the Democratic Party strongly opposes these inconsistent tax credit cuts. It is a fallacy to believe that reducing the renewable tax credit by one half would be in the best interest of the residents and visitors of the State of Hawai`i. This is a time when Hawai`i is working hard to reduce greenhouse gas emissions and to become carbon negative as soon as possible. These cuts will lead to higher greenhouse gas emissions contributing to more intense storms, loss of coral reefs, increased food insecurity, and faster sea level rise destroying our shoreline and adjacent infrastructure and shoreline improvements. These cuts are inconsistent with the Democratic Party Platform (2018) and makes for unsound public policy, all of which are contrary to the health, safety, and well-being of the residents and visitors of the State of Hawai`i.

It is requested that this bill be deferred until and unless the cuts delineated in Part 2, Section 3 relating to the fifty per cent reduction in the renewable energy technologies tax credit cap amounts are deleted. However, we ask that motion picture industry tax credit remain intact as good public policy.

Please defer HB1174, HD1, unless the SD1 amendments that cut the renewable energy technologies tax credit cap in half are deleted in their entirety.

Mahalo nui loa for the opportunity to testify on this important measure.

Respectfully yours,

Alan B. Burdick and Melodie Aduja
Co Chairs, Environmental Caucus,
Democratic Party of Hawaii
Email: burdick808@gmail.com and
legislativepriorities@gmail.com

Testimony to the Committee Ways and Means

Thursday, April 1, 2021
9:30 PM
VIA Video Conference
Conference Room 211, Hawaii State Capitol
HB 1174 SD1

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee,

Tritium 3 **supports** and **comments on** HB 1174 SD1.

Tritium 3 is veteran-owned, small-business involved in the development of renewable energy in Hawaii since 2012. We currently have one operating Community Based Renewable Energy ("CBRE") project and more under development.

CBRE legislation was passed in 2015 as a way to help ratepayers who are economically challenged or who would otherwise not have the resources or rooftop space to benefit from the lower cost of renewable energy. This includes consumers such as renters, seniors, and others living in multi-tenant dwellings.

The development of CBRE has been met with numerous challenges since the passage of this important legislation. It is estimated to take over four years to deliver a project from the time of initial RFP, with less than a handful of successful completions.

Tritium 3 has been diligently working to bring our projects to fruition for over three years now. The proposed decrease in the tax credit caps could negatively affect the ability to obtain financing and therefore put the completion of these projects in jeopardy. The potential to benefit hundreds of ratepayers would be lost.

Unlike residential and commercial rooftop solar which can be developed in months and do not need PUC approval, CBRE project pricing is committed to and filed with the PUC during the tariff process. That tariff application includes the benefit of the RETITC, which is passed on to the consumer in the rate. Once that tariff is committed and approved by the PUC (years before implementation), it cannot be changed. The RETITC cannot be accessed until years after that commitment. If the RETITC rate changes during this time period, those projects will be put at risk. The proposed SD1 version of this bill mitigates that risk. Additionally, without this provision, the message of high-risk development in Hawaii will reach the investment and CBRE development community. This will put CBRE deployment in jeopardy, potentially squelching a beneficial ratepayer program before it has even taken root in Hawaii.

We do not have comments on the amendments of the bill except for the reference to CBRE. If the legislature requires this bill to be passed to mitigate the fiscal issues of the state, please keep the provisions of CBRE referenced in Part II, SECTION 2 (b) (2) (C) and (b) (3) (C) as written.

Thank you for the opportunity to testify.

Tritium3 Renewable Ventures LLC
125 Merchant Street, Suite 102 | Honolulu, Hawaii 96813 | Phone: (808) 371-5881
www.Tritium3.com

HB-1174-SD-1
Submitted on: 3/31/2021 7:08:17 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
laurel brier	Testifying for Kauai women's caucus	Comments	No

Comments:

Retain tax credit for solar. WE need to continue to encourage alternatives to fossil fuel as we battle the climate cirisis. Remove SD1 as this should not be the intent of the bill

Hawaii Solar Energy Association
Serving Hawaii Since 1977

Testimony of The Hawaii Solar Energy Association Regarding HB1174 SD1 Proposed, Relating to Taxation, Before the Senate Committee on Ways and Means

Thursday, April 1, 2021

Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the Committee, my name is Rocky Mould and I am the Executive Director of the Hawaii Solar Energy Association (HSEA). We **oppose Section 3 of HB1174 SD1,** which reduces by 50% the State Renewable Energy Technology Investment Tax Credit (ITC) cap for solar and wind investments in the residential, commercial, industrial, and utility-scale sectors.

With over 100 members, HSEA includes the majority of locally owned and operated renewable energy companies in the State of Hawaii, employing thousands of local individuals in a diverse set of well-paying jobs including, but not limited to, contractors, designers, electricians, engineers, financiers, installers, salespeople, and service technicians.

Hawaii's renewable energy transition is a shining example of leadership on the global stage. Through a combination of government and private sector policies, innovation, and investment; renewable energy generation on Hawaii's island grids has grown from 6.7% in 2005 to over a third (34.5%) in 2020, representing sustained growth of 12% per year over the 15-year period. Solar energy currently makes up over 60% of total renewable generation, with on-site rooftop solar alone making up 47%.[1] Along with Hawaii's 100% renewable portfolio standard (RPS) and carbon neutrality by 2045 laws, the solar tax credit is a critical driver of continued progress; reducing it will jeopardize Hawaii's ability to meet these essential climate, sustainability, and resilience goals.

Investments in rooftop solar systems paired with energy storage and other technologies not only create jobs and help reduce the high cost of electricity across the State,[2] but they also contribute to grid reliability and resiliency, and will be even more important in the coming years as more renewables are interconnected to the system. In recent guidance, the Public Utilities Commission specifically called upon the distributed rooftop solar industry to develop plans to fill an emergency 50 megawatt "reliability gap" caused by the planned decommissioning of the AES coal-fired power plant and delays in

---

[1] See Hawaiian Electric's Key Performance Metrics for Renewable Energy here: https://www.hawaiianelectric.com/about-us/key-performance-metrics/renewable-energy

[2] See Hawaiian Electric Company's Key Performance Indicators, which indicate an overall decline in the cost of delivered energy from 2012 to 2020 here: https://www.hawaiianelectric.com/about-us/key-performance-metrics/rates-and-revenues .

P.O. Box 37070 Honolulu, Hawaii 96837
SOLAR HOTLINE (808)232-8371

utility-scale resource additions.[3] Halving the ITC for rooftop solar and storage will seriously impair our ability to provide these valuable emergency grid services when called upon by the State of Hawaii.

This measure will also negatively impact affordable housing projects and other low-to-moderate income (LMI) residents and small businesses that have not yet been able to participate in, or directly benefit from, Hawaii's transition to clean, affordable, and renewable sources of energy. These relatively underserved sectors represent an important opportunity to expand rooftop solar, energy storage, electric vehicles, and other technologies that will help the State achieve its critical renewable energy, carbon neutrality, and resilience goals in a more equitable and affordable manner. This is particularly concerning at this time because of the recent passage of Bill 58 (2020) by the Honolulu City Council and its enactment into law as Ordinance 20-44, which paves the way for expanding access to the affordable, multi-family, and condominium markets.[4]

Finally, as our economy recovers from the deep economic slump caused the COVID-19 pandemic, ***now is not the time*** to pull back support for struggling families and small businesses. The negative impact of this measure on construction and investment will exacerbate and deepen Hawaii's current economic distress, harming all residents and businesses, and hamstringing one of Hawaii's leading job creating industries just when we need it most. During times of recession, losses from every dollar pulled out of our economy are multiplied by a factor as large as three (3x);[5] and at the 24.5% refundable tax rate, each dollar of tax expenditure attracts an additional three in private investment, further stimulating our economy both directly and indirectly.

The local rooftop renewable energy industry is a true Hawaii-grown success story and has been a main driver keeping Hawaii's economy going throughout the COVID pandemic. Without continued near-term investment in projects and jobs that align with our longer-term priorities, progress will be put at risk, and our economy and the people it serves will take longer to recover.

[3] See Kavya Balaraman, "Hawaii groups push for demand-side measures, streamlined interconnection to manage coal plant closure" in Utility Dive, March 29, 2021; and Commission Letter to Service List in Docket No. 2019-0323, *Guidance for Developing an Emergency Demand Response Program and Notification of Additional Status Update Meetings*, March 19, 2021.
[4] See Ordinance 20-44, Bill 58 (2020), Relating to Clean Energy Projects, passed by Honolulu City Council and signed into law on December 23, 2020 here: https://hnldoc.ehawaii.gov/hnldoc/document-download?id=9210
[5] For a discussion of the impacts of green investment during the COVID-19 pandemic see *Hepburn, C., O'Callaghan, B., Stern, N., Stiglitz, J., and Zenghelis, D. (2020)*, 'Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?', Smith School Working Paper 20-02.

Hawaii Solar Energy Association
Serving Hawaii Since 1977

The HSEA **opposes Section 3 of HB1174 SD1,** and respectfully asks that it not be advanced by this committee.

Thank you for the opportunity to testify.

P.O. Box 37070 Honolulu, Hawaii 96837
SOLAR HOTLINE (808)232-8371

HB-1174-SD-1
Submitted on: 3/31/2021 8:38:15 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Helen Cox	Testifying for Kauai Climate Action Coalition	Oppose	No

Comments:

I writing to oppose HB1174 HD1 SD1 as currently amended. I urge you to remove the proposed Senate amendment to HB1174 in Section 3, which cuts the renewable energy tax credits. HB1174 is a bill about tax credits for the movie industry, not about renewable energy.

This is a bad bill in its current form. "SD1 and SD1 Proposed" isn’t related to the movie industry and is very bad public policy. We are facing a climate crisis and now is not the time to be reducing renewable energy tax credits, if anything we should be doubling them!

Please help our state transition to renewable energy for the sake of our children and our islands.

Mahalo

Helen A. Cox, Chair

Kauai Climate Action Coalition

Hawaiʻi Energy

45 North King Street, Suite 500 • Honolulu, Hawaiʻi 96817 • HawaiiEnergy.com • P: (808) 839-8880 • F: (808) 441-6068

Before the Senate Committee on Ways and Means
Thursday, April 1, 2021, 9:30am

Testimony Providing Comments Part II Section 3 of HB1174 HD1 SD1: Relating to Taxation

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

Hawaiʻi Energy works to empower island families and businesses on behalf of the Hawaiʻi Public Utilities Commission (PUC) to make smart energy choices to reduce energy consumption, save money, and pursue a 100% clean energy future. Energy efficiency is the cheapest option to help us achieve our 100% clean energy goal by eliminating waste and being more efficient.

Removing solar tax credits retroactively could cause harm to families who purchased a solar water heater and are counting on the tax credit to help them afford the system. As local families continue to face growing financial hardships, many more will lean on such incentives to help in their decision-making. Any changes to the tax credit should be prospective to minimize any unintended harm.

Thank you for the opportunity to provide comments on House Bill 1174 HD1 SD1.

Sincerely,
Brian Kealoha
Executive Director
Hawaiʻi Energy

Testimony of Inter-Island Solar Supply Regarding HB1174 HD1 SD1 Proposed, Relating to Taxation, Before the Senate Committee on Ways & Means

Wednesday, March 31, 2021

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee.

IISS has no comments regarding the motion picture, digital media, and film production income tax credit portions of this bill but we respectfully **OPPOSE HB1174 HD1 SD1** in its current form because of the inserted language that will cut the renewable energy tax credit dollar cap by 50%.

Hawaii's renewable energy industry is a locally grown success story and we've been a main pillar of Hawaii's economy throughout the COVID-19 pandemic. We employ thousands of workers in diverse, well paying jobs. Our products reduce electric bills for all ratepayers[1], not just those who install renewable energy systems on their homes. Further, we account for the vast majority of the State's progress towards the 100% RPS goal to date[2] and all energy stakeholders agree that our industry needs tools to increase speed of renewable deployment. This measure would do exactly the opposite.

As an equipment wholesaler, IISS has a unique perspective on the impact of structural change to the marketplace. While we recognize the legislature faces many difficult budget decisions this year as a result of the economic crisis created by COVID-19, this action will jeopardize deployment of additional renewable energy resources at a time when all energy stakeholders acknowledge the speed of deployment must increase. Of particular consequence at the moment on Oahu is the many LMI residents in townhomes and condominums. The Honolulu County Council based Bill 58 (now Ordinance 20-44) last year with the specific intent to expexdite clean energy project deployment for these residents. Prior to this action, permitting restrictions severely restrained equal access to clean energy bill savings for these residents. The Department of Planning & Permitting is just now beginning to implement these critical changes and this proposed reduction will adversely impact the ability of these LMI residents to control their energy costs.

If the legislature intends to modify an investment that has been proven to provide an over 100% return into the local economy, we propose taking this step as part of a broader clean energy plan. We welcome a discussion about the future of Hawaii's renewable energy tax credit and recommend that this Committee direct DBEDT to conduct a study on how Hawaii can best balance the tax credit, our 100% RPS goal, and the broad policy goals of economic development, job creation, consumer cost savings, and ratepayer equity.

Mahalo for the opportunity to submit these comments.

[1] See Hawaiian Electric Company's Key Performance Indicators, which indicate an overall decline in the cost of delivered energy from 2012 to 2020 here: https://www.hawaiianelectric.com/about-us/key-performance-metrics/rates-and-revenues

[2] See Hawaiian Electric's Key Performance Metrics for Renewable Energy here: https://www.hawaiianelectric.com/about-us/key-performance-metrics/renewable-energy

761 Ahua St	Honolulu, HI	96819	Oahu	(808) 523-0711	sales@solarsupply.com
73-5569 Kauhola St.	Kailua-Kona, HI	96740	West Hawai'i Island	(808) 329-7890	kona@solarsupply.com
16-206 Wiliama Pl.	Keaau, HI	96749	East Hawai'i Island	(808) 935-0948	hilo@solarsupply.com
215 S Wakea Ave. #103	Kahului, HI	96732	Maui	(808) 871-1030	maui@solarsupply.com
1764 Haleukana St.	Lihue, HI	96766	Kauai	(808) 378-4080	kauai@solarsupply.com

HB-1174-SD-1
Submitted on: 3/31/2021 9:28:13 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Sonja Kass	Testifying for KauaiEV	Oppose	No

Comments:

Aloha Committee on Ways and Means members,

On behalf of KauaiEV, a grassroots organization with over 100 members on Kauai, I write in strong opposition of HB1174 SD1. Our goal is to help facilitate the switch from fossil fuel powered transportation to renewable energy powered transportation. Our members are electric vehicle drivers, and to power our vehicles at a reasonable costs many EV drivers have renewable energy systems, mainly solar PV installed.

This bill aims to **reduce** the cap per system for the renewable energies technology income tax credit while the description on main page of HB1174 HD1 SD1 on the state's legislatiure's website misleadingly claims that it "**Increases the cap amounts of the renewable energy technologies income tax credit"** causing environmentalists to not read past this page and miss what's burried in the actual bill.

Please **oppose** HB1174

Mahalo

Sonja Kass, President KauaiEV

MOTION PICTURE ASSOCIATION - AMERICA

Written Testimony of
Vans Stevenson
Senior Vice President, State Government Affairs
Senate Committee
on Ways and Means
HB1174 H.D. 1 S.D. 1 Relating to Taxation – OPPOSE
Thursday, April 1, 2021
Hawaii State Capitol

The Motion Picture Association, Inc. (MPA), on behalf of its member companies, respectfully opposes HB1174 H.D. 1 S.D. 1 because it would undermine Hawaii's stable, predictable, and competitive tax incentive and make it unusable for the MPA's major production company members. MPA's members[1] are the leading producers and distributors of entertainment content across all platforms, including theatrical motion pictures, broadcast, cable and satellite television, and streaming via the Internet.

MPA respectfully submits that HB1174 H.D. 1 S.D. 1, would change the successful motion picture, digital media, and motion picture production income tax credit by making it unattractive, unpredictable, and not competitive with other states as well as countries worldwide.

This legislation as amended would effectively eliminate Hawaii's production tax incentive program for major production projects because they would be unable to receive the credit. "SECTION 1. (c) provides that, all qualified productions, if the tax credit exceeds the taxpayer's income tax liability, the excess of credit over the liability shall not be refunded but may be carried forward until exhausted" is the text of the amendment. MPA's major studio member companies have limited income tax liability in Hawaii. Therefore, the credit program could not be utilized to reduce production costs, which is the purpose of the credit program in the first place.

MPA respectfully submits there may be a drafting error in (c) because the new underlined part of the sentence directly contradicts the first part of the paragraph of the bill.

[1] MPA member companies include: The Walt Disney Studios Motion Pictures; Netflix Studios, LLC; Paramount Pictures Corporation; Sony Pictures Entertainment Inc.; Universal City Studios LLC; and Warner Bros. Entertainment Inc

The proposal to prohibit refunds in excess of the taxpayer's income tax liability would make Hawaii's program completely unworkable for MPA member studios. Because of the way the studios' multistate income is apportioned for taxation purposes to Hawaii, they do not have enough income to offset against the size tax credit that is generated by a television series or feature motion picture. If studios are required to only carry forward the tax credit, they could lose upwards of 90% of the value of the tax credit when it expires. This would entirely undercut the purpose of the production tax credit program and force major producers to locate elsewhere.

Hawaii has enjoyed record years of spending and job creation and to reverse course deprives the state of those very projects that spend the most (and pay above scale) and are positioned to promote the state to the broadest global markets. Proposing to severely curtail the tax credit serves to limit the amount of investment coming into to the state at a time when governments around the world facing dire fiscal crises. New Jersey, New York, Spain, Greece, Italy, and Colombia are substantially increasing funding for the production industry because this sector is viewed as a catalyst for recovery and a safe, responsible avenue to create jobs while protecting residents from the current health crisis.

Thanks to the State Legislature and the Governor, Hawaii has created a viable and competitive production credit program that has produced thousands of good-paying union jobs, significant annual investment in the state's economy by the spending on good and services with local businesses and a positive return on investment to the state. According to the latest data analysis from DBEDT, Hawaii's Creative Industry Update Report 2020, in 2019 the state's film and television industry produced $405 million in estimated production expenditures, generated estimated $707 million of economic impact, $43.7 million in estimated tax revenues and created 3,303 jobs.

MPA and its members strongly oppose this amendment to HB 1174 H.D. 1 S.D. 1 and we respectfully submit would make Hawaii's production incentive program useless for major projects.

HB-1174-SD-1
Submitted on: 4/1/2021 8:26:14 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Thomas Brandt	Testifying for Foresight/Policy Analysis	Oppose	No

Comments:

Aloha Senator Dela Cruz and members of the Senate Committee on Ways and Means:

I am urging you to remove the proposed Senate amendment to HB1174 in Section 3,

which cuts the renewable energy tax credits.

HB1174 is a bill about tax credits for the movie industry, not about renewable energy.

This is a bad bill in its current form.

We are facing a climate crisis and now is not the time to be reducing renewable energy tax credits, if anything we should be doubling them!

Thank you for your time and consideration.

Thomas Brandt

Foresight/Policy Analysis

HB-1174-SD-1
Submitted on: 3/29/2021 11:14:11 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John D. Smith	Individual	Support	No

Comments:

I support.

HB-1174-SD-1
Submitted on: 3/30/2021 10:38:32 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Roberta Baker	Individual	Oppose	No

Comments:

HB1174 cuts the solar tax credit (hot water, res and commercial PV). Not apparent from the bill’s description.

HB-1174-SD-1
Submitted on: 3/30/2021 11:51:17 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Emily Ebert	Individual	Oppose	No

Comments:

I oppose this bill, specifically the 50% reduction in the solar tax credits. With a goal of 100% renewable energy, this is not the time to reduce an incentive for more people to choose solar for their homes and businesses.

Emily Ebert

HB-1174-SD-1
Submitted on: 3/30/2021 12:44:34 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tayshia Oliver	Individual	Oppose	No

Comments:

I think that people need an incentive to go green because these are not cheap projects. Going green is a good thing for our environment and that in itself is very important.

HB-1174-SD-1
Submitted on: 3/30/2021 2:36:00 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ava Fedorov	Individual	Comments	No

Comments:

I am urging you to **remove the proposed Senate amendment to HB1174 in Section 3**, which cuts the renewable energy tax credits. HB1174 is a bill about tax credits for the movie industry, not about renewable energy.

This is a bad bill in its current form. "SD1 and SD1 Proposed" isn’t related to the movie industry and is very bad public policy. We are facing a climate crisis and now is not the time to be reducing renewable energy tax credits, if anything we should be doubling them!

Mahalo!

Ava Fedorov

HB-1174-SD-1
Submitted on: 3/30/2021 2:49:56 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Eric Micha'el Leventhal	Individual	Oppose	No

Comments:

Aloha Senator Dela Cruz,

I am writing about HB1174 HD1 SD1, specifically to urge you to please remove the proposed Senate amendment to HB1174 in Section 3, which cuts the renewable energy tax credits. HB1174 is a bill centered on assuring tax credits for the movie industry, not on renewable energy.

This is a bad bill in its current form. "SD1 and SD1 Proposed" isn’t related to the movie industry and represents abysmal public policy. We are facing a climate crisis, and now is not the time to be reducing renewable energy tax credits— if anything, we should be doubling them!

Mahalo for doing the right thing for our community and our future!

HB-1174-SD-1
Submitted on: 3/30/2021 4:18:21 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lanny Sinkin	Individual	Oppose	No

Comments:

In this morning's Hawai'i Tribune-Herald, there is an opinion editorial headlined "Have we lost the battle on climate change?

That this question is even being asked is a matter of deep concern. Unfortunately, there is a significant chance that the answer to the question raised is "Yes." At the least, we should be adopting policies and practices that dramatically reduce the emissions of green house gases and other steps to mitigate that are based on worst case scenarios for climate chaos.

Under the circumstances, it is difficult to understand why a bill meant to give incentives to the movie industry is being used to substantially cut incentives for solar energy. I am referring to the SD1 amendment to HB 1174 in Section 3 that cuts the renewable tax credits for solar.

The fact that this amendment was quietly slipped in is testmony in itself that there is no valid basis for the amendment.

I urge you to remove the SD1 and proposed SD1 amendments in HB1174 in Section 3 cutting the renewable tax credits.

HB-1174-SD-1
Submitted on: 3/30/2021 4:38:43 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Deborah Sevy	Individual	Oppose	No

Comments:

Please remove the SD1 amendment in HB1174 in Section 3 cutting the renewable tax credits.

HB-1174-SD-1
Submitted on: 3/30/2021 4:44:37 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Barry	Individual	Oppose	No

Comments:

Aloha,

Please do not ax the renewable energy tax credits.
If we are truly serious about getting off fossil fuels then the renewable energy tax credits should be strengthened, not slashed!
Our climate crisis depends on everyone doing their share. Please remove this terrible legislation from the Bill regarding the movie industry working in the islands.
Mahalo,

HB-1174-SD-1
Submitted on: 3/30/2021 4:46:40 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ron Reilly	Individual	Oppose	No

Comments:

Dear Senator Dela Cruz, and Members of Ways and Means Committee,

I am strongly opposed to the amendments for HB1174 HD1 SD1.

I am urging you to remove the proposed Senate amendment to HB1174 in Section 3, which cuts the renewable energy tax credits.

HB1174 is a bill about tax credits for the movie industry, not about renewable energy.

This is a bad bill in its current form. "SD1 and SD1 Proposed" isn't related to the movie industry and is very bad public policy.

We are facing a climate crisis and now is not the time to be reducing renewable energy tax credits, if anything we should be doubling them!

This is especially true when HECO is being rightly criticized for moving too slowly to adopt renewable energy sources as it faces mandatory shutting done of its Oahu coal fired power plant.

Sincerely, Ron Reilly Volcano Village

HB-1174-SD-1
Submitted on: 3/30/2021 5:28:08 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Elizabeth Hansen	Individual	Oppose	No

Comments:

I am opposing this bill as it stands with the new amendment.

I am urging you to remove the proposed Senate amendment to HB1174 in Section 3, which cuts the renewable energy tax credits. HB1174 is a bill about tax credits for the movie industry, not about renewable energy.

This is a bad bill in its current form. "SD1 and SD1 Proposed" isn’t related to the movie industry and is very bad public policy. We are facing a climate crisis and now is not the time to be reducing renewable energy tax credits, if anything we should be doubling them!

Thank you for your consideration.

HB-1174-SD-1
Submitted on: 3/30/2021 6:07:40 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Rodger Hansen	Individual	Oppose	No

Comments:

I am writing about HB1174 HD1 SD1. I am urging you to remove the proposed Senate amendment to HB1174 in Section 3, which cuts the renewable energy tax credits. HB1174 is a bill about tax credits for the movie industry, not about renewable energy.

This is a bad bill in its current form. "SD1 and SD1 Proposed" isn’t related to the movie industry and is very bad public policy. We are facing a climate crisis and now is not the time to be reducing renewable energy tax credits, if anything we should be doubling them!

Thank you for your consideration.

Rodger Hansen

HB-1174-SD-1
Submitted on: 3/30/2021 6:25:58 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Scott Garris	Individual	Oppose	No

Comments:

Please remove the proposed Senate amendment to HB1174 in Section 3, which cuts the renewable energy tax credits or voted against passing this bill.

HB-1174-SD-1
Submitted on: 3/30/2021 6:35:19 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Kern	Individual	Oppose	No

Comments:

Apparently this bill is attempting to significantly reduce the solar energy system tax credit (water heater, residential and commercial PV) by 50%. Hawaii's electricity is still primarily sourced from oil and with Hawaii clean energy goals in mind, we want to reduce the incentive to move to renewable energy such as solar? Even at the federal level, the current administration is pushing to increase federal support of renewable energy, which I thought Hawaii was in favor of, until you look at this legislation. Hawaii's support of renewable energy seems primarily mouth service, when you see the legislator's attempt to cap it.

Thus, I oppose this bill and request to remove the cap on the state's support of renewable energy so that the stated goals of Hawaii's clean energy are in line with its legislation initiatives.

HB-1174-SD-1
Submitted on: 3/30/2021 6:52:10 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kenneth Eisner	Individual	Oppose	No

Comments:

This bill would be detrimental to going green for the state of Hawaii.

HB-1174-SD-1
Submitted on: 3/30/2021 6:55:30 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Roy Skaggs	Individual	Oppose	No

Comments:

Mahalo for hearing my testimony. I am strongly opposed to Section 3 of this Bill. I'm not sure why this was raised from the ashes.

HB-1174-SD-1
Submitted on: 3/30/2021 6:56:09 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
eric jang	Individual	Oppose	No

Comments:

As a long time (30 yr) solar water heater user i oppose the refuction of solar energy credits identified in this bill

 solar credits should be extended or even increased to stimulate further adoption of clean energy

HB-1174-SD-1
Submitted on: 3/30/2021 7:01:48 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Scott Kidd	Individual	Oppose	No

Comments:

I oppose this bill as it is direct contrast to the direction our state, country and world are going in. Maintain or increase solar and other green initiatives while increasing taxes on fossil fuel industries and products

HB-1174-SD-1
Submitted on: 3/30/2021 7:06:50 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Priscilla Rodriguez	Individual	Oppose	No

Comments:

A lot of us have Solar Energy Systems and this will impact future installations.

HB-1174-SD-1
Submitted on: 3/30/2021 7:20:00 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Daniela Escontrela	Individual	Oppose	No

Comments:

I am writing about HB1174 HD1 SD1. I am urging you to do remove the proposed Senate amendment to HB1174 in Section 3, which cuts the renewable energy tax credits. HB1174 is a bill about tax credits for the movie industry, not about renewable energy.

This is a bad bill in its current form. "SD1 and SD1 Proposed" isn’t related to the movie industry and is very bad public policy. We are facing a climate crisis and now is not the time to be reducing renewable energy tax credits, if anything we should be doubling them!

HB-1174-SD-1
Submitted on: 3/30/2021 7:56:25 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tom Aitken	Individual	Oppose	No

Comments:

I oppose this bill because Part 2 reduces solar tax credits by 50%. This is especially egregious at a time when the cost of most new solar PV require the additional cost of battery systems to qualify for approval. Amend, split, or vote this measure down, please, and,let's keep moving on a renewable agenda for Hawaii.,

HB-1174-SD-1
Submitted on: 3/30/2021 9:25:33 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
albert fung	Individual	Oppose	No

Comments:

hiding a solar tax credit reduction inside of a motion picture credit is dastardly. i oppose the reduction on solar PV tax credits for our residents and will be keeping a close eye on the politicians that introduced and supported this.

HB-1174-SD-1
Submitted on: 3/30/2021 9:25:50 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Malachy Grange	Individual	Oppose	No

Comments:

Aloha Senator Dela Cruz

I am calling about HB1174 HD1 SD1. I am urging you to remove the proposed Senate amendment to HB1174 in Section 3, which cuts the renewable energy tax credits. HB1174 is a bill about tax credits for the movie industry, not about renewable energy.

This is a bad bill in its current form. "SD1 and SD1 Proposed" isn't related to the movie industry and is very bad public policy. We are facing a climate crisis and now is not the time to be reducing renewable energy tax credits, if anything we should be doubling them!

Mahalo!

Malachy Grange

1487 Hiikala Place

Honolulu, HI 96816

HB-1174-SD-1
Submitted on: 3/30/2021 9:42:44 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Andrea Nandoskar	Individual	Oppose	No

Comments:

I OPPOSE the bill in its SD1 and SD1 PROPOSED versions.

HB-1174-SD-1
Submitted on: 3/30/2021 9:52:03 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Raphiell Nolin	Individual	Oppose	No

Comments:

I strongly oppose sb1174. as it would de incentiveize installing solar in Hawaii, at a time when our state needs to become more self sustaining, energy wise.

Mahalo

HB-1174-SD-1
Submitted on: 3/31/2021 2:23:59 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dean Shimabukuro	Individual	Oppose	No

Comments:

I am testifying as an individual homeownwer on Oahu. I currently have a PV system on my home and own an electric vehicle.

I am opposed to the proposed changes in this Bill in Part II, Sec. 3 regarding the Amendments to (b)(1)(A)(B)(C) and (2)(A)(B)(C) because I feel the messaging is incongruent to the State's efforts at this time to support solar power in the community to replace fossil fuels.

Thank you.

HB-1174-SD-1
Submitted on: 3/31/2021 4:13:27 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Christopher Dean	Individual	Oppose	No

Comments:

Thank you for all you do. I know it's a lot, but could you be absolutely sure, that there is no language in this bill that reduces the incentives for electric vehicles and home solar. We don't have time to lose. We need to transition to solar and EVs immediately and anything that facilitates that must be done. We need more incentives, not less.

HB-1174-SD-1
Submitted on: 3/31/2021 6:29:16 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Peter Forman	Individual	Oppose	No

Comments:

I oppose HB1174 because it cuts in half the solar credit. The combination of solar panels and batteries makes our grid more reliable and prepares us for a possible hurricane. It is a great way to combat climate change, since Hawaii's electricity is generated to a large extent by the burning of fossil fuels. To cut in half the solar credit runs contrary to the principles that we embrace as concerned Hawaii citizens. To cut in half the solar credit takes economic solutions away from individuals and hands it to HECO so that they can make higher profits. Quite simply, the idea of cutting the solar credit in half really stinks. Don't do it.

HB-1174-SD-1
Submitted on: 3/31/2021 6:32:02 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nanette Vinton	Individual	Oppose	No

Comments:

Aloha Chair Dela Cruz, Vice Chair Keith-Aharon and committee members,

I am writing to Oppose HB1174 which in Part 2 seeks to reduce the solar energy system tax credits by 50%.

While our state has one of the highest per capital solar energy use, we are still heavily reliant on fossil fuels to power our communities and need several more years to reverse this. To further help the transition to renewable energy, the tax credit amount should not be decreased and should be extended past it's 2025 sunset.

Sincerely,

Nanette Vinton

Mililani, HI

HB-1174-SD-1
Submitted on: 3/31/2021 6:52:50 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Patrick Lum	Individual	Comments	No

Comments:

I strongly oppose any cuts in solar tax credits.
We should encourage anything leading towards increasing renewable energy production.

HB-1174-SD-1
Submitted on: 3/31/2021 7:52:34 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jeff Mcknight	Individual	Comments	No

Comments:

I am testifying about HB1174 HD1 SD1. I am urging you to remove the proposed Senate amendment to HB1174 in Section 3, which cuts the renewable energy tax credits. HB1174 is a bill about tax credits for the movie industry, not about renewable energy.

This is a bad bill in its current form. "SD1 and SD1 Proposed" isn’t related to the movie industry and is very bad public policy. We are facing a climate crisis and now is not the time to be reducing renewable energy tax credits, if anything we should be doubling them!

Mahalo!

HB-1174-SD-1
Submitted on: 3/31/2021 8:31:07 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
robert brower	Individual	Oppose	No

Comments:

SD1 add on to this Bill is irrelevent to the movie industry and is a transparant attempt to take away renewable energy tax credits from the public. It is also in direct confict with the goal of zero carbon footprint by 2045

HB-1174-SD-1
Submitted on: 3/31/2021 8:33:07 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Noel Morin	Individual	Oppose	No

Comments:

Dear Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the Committee on Ways and Means,

I oppose HB1174 HD1 SD1 in its current form, specifically the section in Part II of the bill that cuts in half the Renewable Energy Income Tax Credit for solar hot water, photovoltaic, and wind energy systems. I don't have a position in the section related to the tax credits for the film industry.

The extension of the credit to 2033 is positive and is needed. However, the reduction in the credits for renewable energy systems will have a cooling effect on an industry that is growing jobs of the future and enabling our transition to a clean energy future.

Our post-covid recovery requires that we diversify our economy aggressively. The transition of our energy systems away from fossil fuels contributes to this diversification. Importantly, we must accelerate our decarbonization efforts to meet our RPS goals. Expanding support of clean energy investments through mechanisms like the Renewable Energy Income Tax Credit is a must.

I strongly oppose the inclusion of the cuts in the Renewable Energy Income Tax Credit proposed in SD1.

Noel Morin

HB-1174-SD-1
Submitted on: 3/31/2021 9:07:42 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Andrew Richard Kass	Individual	Oppose	No

Comments:

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Committee on Ways and Means members,

I **strongly oppose HB1174,** because it cuts the renewable energy system tax credit (water heater, residential and commercial PV) by 50%.

In order to reach Hawaii's climate goals, the state needs to help citizens and entities to switch to renewables as soon as possible.

I also think this bill would have gotten a lot more opposing attention and testimony if the description on the main page of the bill [https://www.capitol.hawaii.gov/measure_indiv.aspx?billtype=HB&billnumber=1174&year=2021] would not have the misleading sentence
"**Increases** the cap amounts of the renewable energy technologies income tax credit for community-based renewable energy projects on commercial property."

Please oppose HB1174

Mahalo for your consideration.

Andrew R Kass
Kapaa, HI 96746

HB-1174-SD-1
Submitted on: 3/31/2021 9:11:03 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lana Brodziak	Individual	Oppose	No

Comments:

Please do not cut Renewable Energy tax credits. With the Climate Crisis on an island state, we need to encourage as much use of Renewable Energy sources as possible. How does this help contribute to either the State's Renewable Energy Goals or the City and County of Honolulu's Climate Action Plan? It doesn't!! It is not helpful in meeting goals to have contradicting actions by our elected officials.

Please encourage MORE Renewable Energy tax credits.

Mahalo for considering my comments.

HB-1174-SD-1
Submitted on: 3/31/2021 9:22:15 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jae Kwak	Individual	Oppose	No

Comments:

I am highly opposed to the HB1174 SD1 (hawaii.gov) which proposes to reduce the renewable energy credit by 50%. We need to support Hawaii's ratepayers by helping them to help the State be sustainable in our energy use.

Additionally, this is a strange and backdoor approach to reduction of the tax credit under the guise of Film tax credits.

Please remove Part II of this bill especially as it relates to Hawaii residential tax credits and that for small business tax credits related to energy.

LATE

HB-1174-SD-1
Submitted on: 3/31/2021 9:48:54 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nathan Leo Braulick	Individual	Oppose	No

Comments:

March 31, 2021

Members of the Committee:

I am writing in regards to HB1174 HD1 SD1. **I am urging you to remove the proposed Senate amendment to HB1174 in Section 3, which cuts the renewable energy tax credits.** HB1174 is a bill about tax credits for the movie industry, not about renewable energy. We are facing a climate crisis and now is not the time to be reducing renewable energy tax credits.

Sincerely,

Nathan Braulick

2333 Kapiolani Blvd.

Honolulu, HI 96826

LATE

HB-1174-SD-1
Submitted on: 3/31/2021 9:53:52 AM
Testimony for WAM on 4/1/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Cheryl Ho	Individual	Oppose	No

Comments:

Dear Chair Dela Cruz and members of the Ways and Means Committee:

We are facing a climate crisis! Please: Do NOT REDUCE renewable energy tax credits. If anything, we should be doubling them!!

Sizable tax credits will *encourage* residents and businesses to transition to renewable energy.

Therefore, I urge you to please *remove the SD1 amendment* in HB1174!!

Respectfully,

Cheryl Ho, Nuʻuanu

Written Testimony by Chris Lee as a Private Citizen In Opposition to HB 1174, unless amended.

Committee on Ways and Means
Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair

Thursday, April 1, 2021
Hawaii State Capitol

Thank you for the opportunity to testify today as a private citizen.

I write regarding Hawaii's production tax credit only, not the renewable energy provisions of this bill.

The Legislature has shown strong support for the film, television and streaming content production industry since the passage of Act 88 in 2006. Before Act 88 was passed, our island state never exceeded more than $100 million in direct production spend. That number has steadily climbed, according to DBEDT's "Creative Industry Update Report 2020," to $405 million in direct production expenditures, generating an estimated $700.7 million in economic impact, provided $43.7 million in estimated tax revenues, and created 3,888 jobs in 2019.

More recently, University of Hawaiʻi economists just released a well documented and thorough report testifying to the clear efficacy of the our current incentives here: https://uhero.hawaii.edu/understanding-the-role-of-the-hawaii-film-tv-digital-production-tax-credit-in-diversifying-the-hawaii-economy/
Among other facts presented, Hawaiʻi's succcessful program to diversify our economy through the production industry saw this sector grow 117% vs overall economic growth of 17% in the same period. This is a tax credit that is based on companies and people actually spending money in Hawai'I – economic activity that otherwise would not be

here. It is not something that costs the state anything if jobs are not created.

In this pandemic year where tourism collapsed, taking much of our economy with it, columnist Lee Cataluna has written about "The One Industry That is Roaring Back" (https://www.civilbeat.org/2021/02/lee-cataluna-the-one-industry-that-is-roaring-back/). Three series (CBS, Disney+/Fox, Amazon/Sony) are currently shooting or wrapped, Hallmark just shot a low budget project at an O'ahu hotel, and a fourth CBS series is hopefully on the way. In addition, this past fall, two shows created covid-safe production bubbles in resorts on Maui, bringing deperately needed employment opportunities for both local crew and hotel workers. All of these shows have been done with the strictest covid protocols without incident and provided living wage jobs for hundreds of locals. This is a huge part of our Kama'aina Economy.

But Hawaii'sˈ success in diversifying our economy through the content production industry is not something we can take for granted. Nor is it true that studios, networks, and streamers will come here anyway without consistent incentives. Consider the new NBC show about The Rock, his childhood in Hawaiʻi, and attending McKinley High School: it's not shot here, it is shot in Australia and Atlanta. Why? Because Australia offered a better deal. This bill as currently written would make Hawaiʻi even less competitive.

Many of the provisions in this bill, while no doubt well intended, are regressive and would shrink rather than grow this one bright spot in diversifying our economy with living wage jobs. What we have now is working and if anything should be extended, not curtailed. Indeed, the one provision that should be passed is the extension of the sunset date for as long as possible.

It should also be noted that film, television and streaming content closely aligns with our fragile tourism sector. As HTA‘s revenues and marketing dollars have shrunk with the visitor industry, production offers our economic mainstay invaluable, 24/7 exposure on screens large and small around the globe. This is viral marketing you cannot buy and will be essential to restoring tourism in a competitive post-covid world.

Thanks to the Legislature and the Governor, Hawai‘i has a responsible production tax credit that has resulted in thousands of living wage jobs and a better future for our students. I do agree with HB 1174‘s provision to extend the program, but I fear much of this bill will only weaken our one success story in diversifying our economy.

Thank you for the opportunity to testify today.

HB-1174-SD-1
Submitted on: 3/31/2021 1:28:38 PM
Testimony for WAM on 4/1/2021 9:30:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Caroline Kunitake	Individual	Oppose	No

Comments:

Dear Chair Dela Cruz, Vice Chair Keith -Agaran and Committee on Ways and Means,

Please oppose HB1174 HD1 SD1 and HB1174 HD1 SD1 PROPOSED.

I am disappointed to learn that a renewable energy tax credit has been cut from this version of this bill. We are currently struggling with a global climate crisis. Therefore we need to maintain and strengthen renewable energy tax credits to motivate consumers to transition to renewable energy sources.

Rooftop solar is an efficient and practical way to reduce a household's consumption of energy created by non-renewable energy sources.

I am urging you to do remove the proposed Senate amendment to HB1174 in Section 3, which cuts the renewable energy tax credits.

Thank you for taking the time to review this bill. I appreciate the opportunity to provide testimony in support of this bill.

Mahalo,

Caroline Kunitake