

STAND. COM. REP. NO. 3411

Honolulu, Hawaii

MAR 24 2022

RE: H.B. No. 1637
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committees on Energy, Economic Development, and Tourism and Government Operations, to which was referred H.B. No. 1637, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

beg leave to report as follows:

The purpose and intent of this measure is to authorize a county to impose an annual in-lieu fee on land or improvements on land that are actively used to produce or store renewable energy that is sold to an electric utility, under certain conditions.

Your Committees received testimony in support of this measure from the Department of Commerce and Consumer Affairs' Division of Consumer Advocacy; Public Utilities Commission; Hawaii State Energy Office; City and County of Honolulu's Department of Budget and Fiscal Services; Hawaii Solar Energy Association; Hawaiian Electric Company, Inc.; Kauai Island Utility Cooperative; Clearway Energy Group; and one individual. Your Committees received testimony in opposition to this measure from one individual. Your Committees received comments on this measure from the Tax Foundation of Hawaii.

Your Committees find that the successful deployment of renewable energy generation and storage projects to the Hawaii electric system is necessary to ensure that the State's electrical



energy needs are met as the State works to achieve its goal of one hundred percent renewable energy by 2045. Electric utilities and independent power producers rely on transparent costs to ensure their proposed projects are completed within budget and contribute to the State's renewable energy portfolio standards. Your Committees reviewed the testimony received and acknowledge that clarifying language is needed to ensure that there are no unintended consequences that may inadvertently and negatively impact the counties, electric utilities, independent renewable energy producers and suppliers, and other stakeholders.


Accordingly, your Committees have amended this measure by:

- (1) Replacing all references to "fees" with "payments", as the payment in lieu of real property taxes is neither a regulatory fee nor a user fee;
- (2) Amending language to reference renewable energy that is sold under a contract, which would also limit the annual fixed payment for the duration of the contract and include independent energy project developers that sell their renewable energy through a contract instead of power purchase agreement, thereby eliminating the risk of fluctuating payments to renewable energy producers and suppliers; and
- (3) Instead of an annual in-lieu fee, authorizing a county to enact an ordinance that establishes a program allowing a fixed annual payment under certain conditions to minimize potential lost revenues to the counties;
- (4) Removing language that prohibits counties from imposing or increasing fees for renewable energy projects for which the county previously granted a real property tax exemption;
- (5) Removing language in section 1 that misstates an electric utility's tax liabilities under county law and further amends section 1 to reflect its amended purpose; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

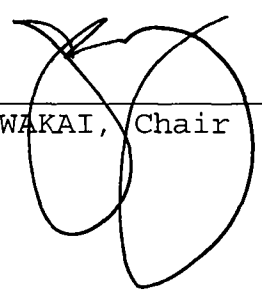


As affirmed by the records of votes of the members of your Committees on Energy, Economic Development, and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1637, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1637, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Energy, Economic Development, and Tourism and Government Operations,



SHARON MORI AKI, Chair



GLENN WAKAI, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

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

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1637 HD1	EET/GVO, WAM	3/16/22		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
MISALUCHA, Bennette E. (VC)	✓			
LEE, Chris	✓			
RIVIERE, Gil	✓			
FEVELLA, Kurt	✓			
TOTAL	5	0	0	0
Recommendation:				
<input checked="" type="checkbox"/> Adopted		<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:				
<i>Bennette E. Misalucha</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes

The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1637 HDI	EET/GVO, WAM	03/16/22		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
MORIWAKI, Sharon Y. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHANG, Stanley	/			
GABBARD, Mike				/
FEVELLA, Kurt	/			
TOTAL	4			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>[Handwritten Signature]</i>				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

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