

Honolulu, Hawaii

APR 29 2022

RE: S.B. No. 2511
S.D. 2
H.D. 2
C.D. 1

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

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2511, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Expand the renewable energy technologies income tax credit to include firm renewable energy systems, with the credit capped at the lesser of an unspecified percentage of the actual cost or \$750,000 per system; and
- (2) Make the renewable energy technologies income tax credit unavailable for renewable energy technology systems installed and placed in service after December 31, 2045.



Your Committee on Conference finds that expanding the renewable energy technologies income tax credit to include firm renewable energy systems and long-duration renewable energy storage systems would help the State not only achieve its clean energy and carbon reduction goals, but also improve the State's energy diversity, reliability, and stability. Your Committee on Conference further finds that the development of more firm renewable energy generation based on local resources would also promote economic development and increase employment within the State.

Your Committee on Conference has amended this measure by reverting its contents to the S.D. 2 version and further amending it by:

- (1) Clarifying the definition of "firm renewable energy systems" to include capability of continuous production twenty-four hours per day, three hundred sixty-five days per year, on the demand of the energy system operator at its rated capacity, subject only to routine maintenance and repairs;
- (2) Capping the renewable energy technologies income tax credit at the lesser of twenty percent of the actual cost or \$750,000 per firm renewable energy system;
- (3) Defining "long-duration renewable energy storage systems";
- (4) Expanding the renewable energy technologies income tax credit to include long-duration renewable energy storage systems, with the credit capped at the lesser of twenty percent of the actual cost or \$750,000 per system;
- (5) Capping the total amount of renewable energy technologies income tax credits claimed by an eligible taxpayer for a firm renewable energy system or a long-duration renewable energy system at \$3,500,000 in any calendar year;
- (6) Capping the total amount of renewable energy technologies income tax credits claimed by all eligible taxpayers for firm renewable energy systems and long-duration renewable energy systems at \$20,000,000 in any calendar year;
- (7) Requiring that if the cap on the total amount of renewable energy technologies income tax credits allowed for firm renewable energy systems and long-duration renewable energy systems is exceeded in any given calendar year, the



\$20,000,000 cap shall be divided between all eligible taxpayers for that year in proportion to their rated capacities;

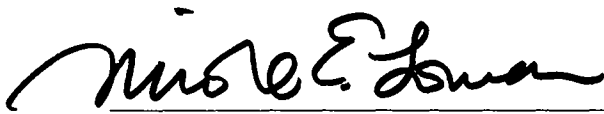
- (8) Making it effective upon its approval, and apply to taxable years beginning after December 31, 2021; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2511, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2511, S.D. 2, H.D. 2, C.D. 1.

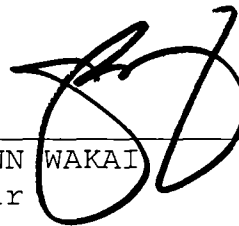
Respectfully submitted on behalf of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



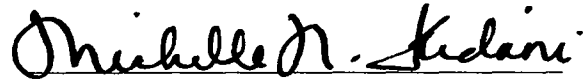
NICOLE E. LOWEN
Co-Chair



GLENN WAKAI
Chair



AARON LING JOHANSON
Co-Chair



MICHELLE N. KIDANI
Co-Chair



LISA MARTEN
Co-Chair



**Record of Votes of a
Conference Committee**

Bill / Concurrent Resolution No.: SB 2511, SD 2, HD 2	Date/Time: <i>4/29/22, 10:20 am</i>
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
WAKAI, Glenn, Chr.	✓	✓			LOWEN, Nicole E., Co-Chr.	✓	✓		
KIDANI, Michelle N., Co-Chr.	✓	✓			JOHANSON, Aaron Ling, Co-Chr.	✓	✓		
MISALUCHA, Bennette E.	✓	✓			MARTEN, Lisa, Co-Chr.	✓	✓		
FEVELLA, Kurt	✓	✓			PERRUSO, Amy A.	✓	✓		
					MATSUMOTO, Lauren	✓	✓		
TOTAL	4	0	0	0	TOTAL	5	0	0	0

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature:
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