STAND. COM. REP. NO. 2500

Honolulu, Hawaii

FCB 17

, 2006

RE:

S.B. No. 2957

S.D. 1

Honorable Robert Bunda President of the Senate Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committees on Energy, Environment, and International Affairs and Commerce, Consumer Protection, and Housing, to which was referred S.B. No. 2957 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

beg leave to report as follows:

The purpose of this measure is to provide a comprehensive approach to achieving energy self-sufficiency for the State.

This measure promotes energy self-sufficiency by:

- (1) Increasing the renewable energy income tax credit for certain wind-powered and photovoltaic energy systems and removing the sunset date for the tax credits;
- (2) Authorizing the issuance of general obligation bonds for a photovoltaic pilot project and to bring state facilities into compliance with the State's greenhouse gas and energy consumption reduction goals;
- (3) Requiring the use of design guidelines and standards to promote green building practices in construction or substantial renovation projects that are funded more than fifty percent with state funds; and
- (4) Establishing a financing mechanism for purchases of residential solar hot water heater systems.

The Department of Accounting and General Services, the Department of Business, Economic Development and Tourism, the Department of Commerce and Consumer Affairs, the Department of Education, the Conservation Council for Hawaii, Hawaiian Electric Company, the Hawaii Renewable Energy Alliance, the Hawaii Solar Energy Association, PowerLight, the Rocky Mountain Institute, the Sierra Club, Inter Island Solar Supply, and Honolulu Seawater Air Conditioning LLC, submitted testimony in support of this measure. The Department of Taxation, the Public Utilities Commission, the Hawaii Energy Policy Forum, American Forest and Paper Association, Life of the Land, and The Gas Company submitted comments.

Your Committees find that this measure takes a comprehensive approach to reducing the State's dependence upon petroleum. The measure improves the State's energy security and assists the State in becoming more energy self-sufficient.

Upon further consideration, your Committees have amended this measure by:

- (1) Increasing the credit for solar thermal energy systems for:
 - (A) Single-family residential property to \$2,250;
 - (B) Multi-family residential property to \$1,000; and
 - (C) Commercial property to \$500,000;
- (2) Increasing the credit for photovoltaic energy systems for:
 - (A) Single-family residential property to \$7,500;
 - (B) Multi-family residential property to \$1,000; and
 - (C) Commercial property to \$500,000;
- (3) Indicating that for taxable years beginning after December 31, 2005, the dollar amount of any utility rebate shall be deducted from the costs eligible for the state tax credit to ensure that the state renewable energy income tax credit will not be impacted by the federal credit:



- (4) Expanding the photovoltaic pilot project to a photovoltaic net energy metered pilot project that can include more than one public school per island, and elaborating on the pilot project objectives;
- (5) Indicating that the utility may extend the term of a pay-as-you-save-model fee to the original or successor residential consumers at a location where permanent energy technology measures have been installed;
- (6) Defecting the effective date to July 1, 2050; and
- (7) Making technical, non-substantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Energy, Environment, and International Affairs and Commerce, Consumer Protection, and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2957, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2957, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Energy, Environment, and International Affairs and Commerce, Consumer Protection, and Housing,

RON MENOR, Chair

J KALANI ENGLISH Chai

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Energy, Environment and International Affairs (Bills and Resolutions)

Measure:	Committee Referral:		Date:					
SB 2957	EIA/CPH, WAM			February 16, 2006				
The committee is reconsidering its previous decision on this measure.								
If so, then the previous decision was to:								
The Recommendation is to:								
Pass, unamended (2312)	Pass, with amendments Hold Recommit (2311) (2310) (2313)							
Members		Ayes	Aye	s(WR)	Nays	Excused		
ENGLISH, J. Kalani (C)								
KOKUBUN, Russell S. (VC)				.:				
HANABUSA, Colleen	- 1,,,,,,,							
HOOSER, Gary L.								
HEMMINGS, Fred								
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TOTAL		4				1		
Recommendation:								
Adopted Not Adopted								
Chair's or Designee's Signature: Russells. Koht—								
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy								

^{*}Do <u>not</u> list more than one measure per Record of Votes.

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Commerce, Consumer Protection and Housing (Bills and Resolutions)

Measure:* Committee Referral: Date: SB 2957 EIA/CPH, was 2-16-06								
The committee is reconsidering its previous decision on this measure.								
If so, then the previous decision was to:								
The Recommendation is to:								
Pass, unamended Pass, with a (2312)	amendments Hold Recommit (2310) (2313)							
Members	Ayes	Ayes(WR)	Nays	Excused				
MENOR, Ron (C)								
BAKER, Rosalyn H. (VC)								
ESPERO, Will	V		·					
IGE, David Y.								
SAKAMOTO, Norman								
HOGUE, Bob								
			1.000					
		1.5						
TOTAL	5							
Recommendation: Adopted Not Adopted								
Chair's or Designee's Signature: Kushu H Pake								
Distribution: U Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy								

^{*}Do not list more than one measure per Record of Votes.