STAND. COM. REP. NO. 921

Honolulu, Hawaii

March 1

2013

RE: H.B. No. 497 H.D. 3

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2013 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 497, H.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to amend the renewable energy technologies income tax credit by:

- (1) Basing claims for the credit on renewable energy technology property rather than renewable energy technology systems;
- (2) Adjusting requirements and credit cap amounts for solar energy property based on use and megawatt capacity, as applicable, including solar energy property: (A) used explicitly to heat water, (B) used primarily to generate electricity with less than one megawatt capacity, and (C) used primarily to generate electricity with more than one megawatt capacity;
- (3) For wind energy property, basing the credit amount on twenty percent of the basis or \$500,000, whichever is less, and establishing megawatt capacity and other requirements;
- (4) Amending defined terms to effectuate the intent of the measure;

- (5) Providing for taxpayer refunds of the renewable energy income tax credit under certain circumstances;
- (6) Allowing certain associations to claim the credit under the association's name or for property and facilities placed in service and located on common areas; and
- (7) Amending the reporting requirement of the renewable energy technologies income tax credit to include the joint participation of the Department of Taxation and the Department of Business, Economic Development, and Tourism.

This measure also requires the Department of Business, Economic Development, and Tourism to study, among other things, the costs incurred and benefits gained from the tax credit, and report to the Legislature on whether the credit should be continued, eliminated, or revised.

Finally, this measure supports the State's renewable energy initiatives by establishing a regulatory financing structure that authorizes the Public Utilities Commission and the Department of Business, Economic Development, and Tourism to provide low-interest loans for green infrastructure property.

Inter-Island Solar Supply; Rising Sun Solar and Electric; Keahole Solar Power LLC; Forest City Hawaii; SunPower Systems Corporation; The Pacific Resource Partnership; Kairos Energy Capital; SolarCity; Mainstream Energy Corp.; REC Solar; AEE Solar; RevoluSun; Distributed Energy Partners; Ulupono Initiative; Sierra Club, Hawaii Chapter; and a few individuals provided testimony in support of this measure. Kauai Island Utility Cooperative provided testimony in opposition to this measure. The Department of Business, Economic Development, and Tourism; Public Utilities Commission; Department of Budget and Finance; Department of Commerce and Consumer Affairs Division of Consumer Advocacy; Department of Taxation; Department of the Attorney General; State Procurement Office; Tax Foundation of Hawaii; Hawaii Pacific Solar LLC; Hawaii Solar Energy Association; First Wind; Sunrun; SunEdison; Hawaii PV Coalition; Hawaiian Electric Company, Hawaii Electric Light Company, and Maui Electric Company; Hawaii Renewable Energy Alliance; and Blue Planet Foundation provided comments on this measure.

Your Committee has amended this measure by:

- (1) Deleting the provisions establishing a regulatory financing structure that provides low-interest loans for green infrastructure property;
- (2) Changing its effective date to July 1, 2030, for the purpose of facilitating further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 497, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 497, H.D. 3.

Respectfully submitted on behalf of the members of the Committee on Finance,

SYLVIA LUKE, Chair



State of Hawaii House of Representatives The Twenty-seventh Legislature

Record of Votes of the Committee on Finance

Bill/Resolution No.: HB497 HD2	Committee Referral: Date: EEP, CPC, FIN 02/28/13			
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)				
2. NISHIMOTO, Scott Y. (VC)		\ \frac{1}{2}		
3. JOHANSON, Aaron Ling (VC)				
4. CULLEN, Ty J.K.				
5. HASHEM, Mark J.				
6. ING, Kaniela	1			
7. JORDAN, Jo				
8. KOBAYASHI, Bertrand				,
9. LOWEN, Nicole E.				
10. MORIKAWA, Dee				
11. ONISHI, Richard H.K.				
12. TAKAYAMA, Gregg				
13. TOKIOKA, James Kunane				
14. WOODSON, Justin H.		_		
15. YAMASHITA, Kyle T.				
16. FUKUMOTO, Beth				
17. WARD, Gene				
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TOTAL (17)	(6	(
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				