STAND. COM. REP. NO.

Honolulu, Hawaii March 22, 2013

RE: S.B. No. 623 S.D. 2 H.D. 2

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 623, S.D. 2, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Provide income tax credits for renewable energy technologies for solar energy properties and wind energy properties, rather than solar energy systems and wind energy systems, including by specifying eligibility for and amounts of the credits; and
- (2) Require the Department of Taxation, in collaboration with the Department of Business, Economic Development, and Tourism, to report to the Legislature regarding tax credits claimed for solar and wind energy properties.

The Department of Business, Economic Development, and Tourism; First Wind; Sierra Club, Hawaii Chapter; and Building Energy Group provided testimony in support of this measure. The Department of Taxation; Green Power Projects, LLC; Blue Planet Foundation; and Hawaii Renewable Energy Alliance provided testimony in support of the intent of this measure. Hawaii PV Coalition; Hawaii Solar Energy Association; The Pacific Resource Partnership; Sovereign Councils of the Hawaiian Homelands

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Assembly; Distributed Energy Partners; RevoluSun; Kairos Energy Capital; SunPower Systems Corporation; Sunrun; SunEdison; Keahole Solar Power, LLC; Forest City Hawaii; Sunetric; AlphaStream Capital Management, LLC; Inter-Island Solar Supply; Ulupono Initiative; Hunt Alternative Energy Investments, LLC; Hawaii Energy Connection, LLC; SolarCity; and Rising Sun Solar and Electric provided testimony in support of this measure with amendments. The Tax Foundation of Hawaii provided comments on this measure.

Your Committee has amended this measure by:

- (1) Amending the definition of "basis" to:
 - (A) Provide that the term does not include the cost incurred in construction or reconstruction of a structure in conjunction with the installation and placing in service of solar or wind energy property; and
 - (B) Include examples of what is included and is not included; and
- (2) Amending the definition of "property" so that it better conforms to the term as used in the Internal Revenue Code.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 623, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as S.B. No. 623, S.D. 2, H.D. 2.

> Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

ANGUS L.K. MCKELVEY, Chair



State of Hawaii House of Representatives The Twenty-seventh Legislature

HSR 1198

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Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.:Committee Referral:Date:SB623 SD2 HDIEEP, CPC, FIN03/20/13				
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)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)				
2. KAWAKAMI, Derek S.K. (VC)				
3. BELATTI, Della Au				
4. BROWER, Tom	V			■ <u>++</u>
5. CABANILLA, Rida T.R.				
6. CACHOLA, Romy M.				
7. CARROLL, Mele				
8. EVANS, Cindy				
9. HAR, Sharon E.				
10. ITO, Ken				
11. LEE, Chris				
12. TSUJI, Clift				
13. YAMANE, Ryan I.				
14. MCDERMOTT, Bob	1			- Lund
15. THIELEN, Cynthia			· · · ·	
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TOTAL (15)	νι	0	0	4
The recommendation is: Adopted Not Adopted				
If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				