

STAND. COM. REP. NO.

1084

Honolulu, Hawaii

MAR 27 2015

RE: H.B. No. 240
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committees on Energy and Environment and Economic Development and Technology, to which was referred H.B. No. 240, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO SEAWATER AIR CONDITIONING,"

beg leave to report as follows:

The purpose and intent of this measure is to expand the types of businesses that qualify for state enterprise zone program benefits by amending the definition of "service business" to include a business that provides air conditioning project services from seawater air conditioning district cooling systems.

Your Committees received testimony in support of this measure from Honolulu Seawater Air Conditioning, LLC and Ulupono Initiative. Your Committees received comments on this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; Department of the Attorney General; and Tax Foundation of Hawaii.

Your Committees find that seawater air conditioning district cooling systems provide an alternative to inefficient cooling systems and have been successfully implemented throughout the United States, Canada, and Europe. The seawater air conditioning district cooling system under development in Honolulu will generate millions of dollars in construction revenue, create long-term jobs, and reduce the State's dependence on fossil fuels. Implementation of this measure will generate industrial growth,

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create sustainable jobs, and further the State's clean energy goals.

Your Committees have amended this measure by:

- (1) Amending the definition of "seawater air conditioning district cooling system" to mean an air conditioning cooling project where at least fifty percent of the energy required for the air conditioning system is provided by cold, deep seawater;
- (2) Inserting an effective date of upon approval; and
- (3) 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 and Environment and Economic Development and Technology that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 240, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 240, H.D. 1, 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 and
Environment and Economic
Development and Technology,



GLENN WAKAI, Chair

MIKE GABBARD, Chair

Record of Votes
Committee on Energy and Environment
ENE

*Only one measure per Record of Votes

Record of Votes
Committee on Economic Development and Technology
EDT

*Only one measure per Record of Votes