

Honolulu, Hawaii

February 20, 2015

RE: H.B. No. 927

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 927 entitled:

"A BILL FOR AN ACT RELATING TO ON-BILL PROGRAMS,"

begs leave to report as follows:

The purpose of this measure is to promote the installation of
renewable energy, energy efficiency, and energy conservation
systems by exempting certain payments made to electric utilities
for those systems from various state and county taxes.

Specifically, this measure establishes that:

- (1) Amounts collected by electric utilities for the
repayment of on-bill obligations are not considered
revenue of the electric utility and, therefore, are not
subject to the general excise tax, the public service
company tax, the public utility fee, and the public
utility franchise tax; and
- (2) Acceptance of repayments of on-bill obligations does not
subject an electric utility to the laws that regulate
financial institutions, escrow depositories, and
collection agencies.

Your Committee received testimony in support of this measure
from the Department of Business, Economic Development, and
Tourism; Public Utilities Commission; Hawaii Solar Energy



Association; Hawaiian Electric Companies; and Blue Planet Foundation. The Department of Taxation and the Tax Foundation of Hawaii submitted comments on this measure.

Your Committee finds that electric utilities serving as billing and collection agents for any on-bill financing program in the State act in a purely pass through capacity for those repayments. Accordingly, on-bill collections do not constitute revenue for participating electric utilities. Therefore, exempting repayments of on-bill obligations from revenue-based state and county taxes and certain other regulatory fees and taxes is consistent with both the on-bill financing program's purpose of making renewable energy systems more affordable and the similar tax exemptions provided to the green infrastructure charge under section 269-172, Hawaii Revised Statutes.

Your Committee has amended this measure by changing the effective date to July 1, 2112, to facilitate further discussion on the measure.

Should the Committee on Finance decide to hear this measure, your Committee respectfully requests that it consider whether the tax-exempt status with respect to repayments of on-bill obligations would have a negative impact on electric utility ratepayers.

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 H.B. No. 927, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 927, H.D. 1.

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-eighth Legislature

HSCR- 536

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 927	Committee Referral: EEP, CPC, FIN	Date: 02/18/15		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> 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. WOODSON, Justin H. (VC)	✓			
3. BELATTI, Della Au	✓			
4. BROWER, Tom	✓			
5. CREAGAN, Richard P.	✓			
6. HAR, Sharon E.	✓			
7. HASHEM, Mark J.	✓			
8. KAWAKAMI, Derek S.K.				/
9. LEE, Chris	✓			
10. NAKASHIMA, Mark M.	✓			
11. OSHIRO, Marcus R.	✓			
12. SAN BUENAVENTURA, Joy A.	✓			
13. TAKAYAMA, Gregg	✓			
14. YAMANE, Ryan I.	✓			
15. FUKUMOTO CHANG, Beth	✓			
16. MCDERMOTT, Bob	✓			
TOTAL (16)	15			1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 0.8em;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____				
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