

Honolulu, Hawaii

FEB 10, 2022

RE: H.B. No. 1637  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1637 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Prohibit the counties from imposing a real property tax on land or land improvements used for the production or storage of renewable energy that is sold to an electric utility; and
- (2) Permit a county to impose an annual fee of up to \$1,000 per megawatt of nameplate AC capacity generated by a renewable energy project that is actively producing and selling energy to an electric utility and sited on real property within that county.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; Hawaii State Energy Office; Life of the Land; Hawaiian Electric Company, Inc.; Tawhiri Power LLC; Clearway Energy Group; AES Clean Energy; and Kaua'i Island Utility Cooperative. Your Committee received testimony in opposition to this measure from one member of the Maui County Council, City and County of Honolulu Department of



Budget and Fiscal Services, and one individual. Your Committee received comments on this measure from the Department of the Attorney General, Public Utilities Commission, Hawaii Clean Power Alliance, and Tax Foundation of Hawaii.

Your Committee finds that the successful deployment of large-scale renewable energy projects is integral to the State achieving its goal of one hundred percent renewable energy by 2045. However, in late 2021, the City and County of Honolulu Real Property Assessment Division unilaterally changed its tax treatment of some parcels of land on which renewable energy projects are sited from agriculture to industrial for tax purposes, resulting in a drastic increase in property taxes for affected projects. While energy projects owned by an electric utility are exempt from real property taxes, it is critical to ensure that independent power producers are provided the same tax exemptions.

Your Committee has amended this measure by:

- (1) Deleting language that would have prohibited the counties from imposing real property taxes on land or land improvements used to produce or store renewable energy that is sold to an electric utility;
- (2) Changing the counties' annual fee option to an annual in-lieu fee on land or improvements on land that are actively used to produce or store renewable energy that is sold to an electric utility, under certain conditions;
- (3) Changing the effective date to July 1, 2100, to encourage further discussion; and
- (4) 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 Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1637, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1637, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on  
behalf of the members of the  
Committee on Energy &  
Environmental Protection,

*Nicole E. Lowen*

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NICOLE E. LOWEN, Chair



Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: <b>HB1637</b>	Committee Referral: <b>EEP, FIN</b>	Date: <b>2/1/22</b>		
<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)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. LOWEN, Nicole E. (C)	/			
2. MARTEN, Lisa (VC)	/			
3. HASHEM, Mark J.	/			
4. MATAYOSHI, Scot Z.	/			
5. PERRUSO, Amy A.	/			
6. TODD, Chris	/			
7. TOKIOKA, James Kunane	/			
8. MATSUMOTO, Lauren	/			
<b>TOTAL (8)</b>	<b>8</b>			
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <span style="margin-left: 150px;">committee acronym(s)</span>				
Vice Chair's or designee's signature: <u><i>Lisa Marten</i></u>				
Distribution: Original (White) – Committee                    Duplicate (Yellow) – Chief Clerk's Office                    Duplicate (Pink) – HMSO				