STAND. COM. REP. NO. 1159 -22

Honolulu, Hawaii MAR 18 , 2022

RE: S.B. No. 2511 S.D. 2 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 S.B. No. 2511, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to expand the renewable energy technologies income tax credit to include firm renewable energy systems, with the credit capped at the lesser of a percentage of the actual cost or \$750,000 per system.

Your Committee received testimony in support of this measure from the Hawaii Bioeconomy Trade Organization, Hawaiian Electric Company, Par Hawaii, Hawaii Clean Power Alliance, and seventeen individuals. Your Committee received testimony in opposition to this measure from 350Hawaii.org and one individual. Your Committee received comments on this measure from the Department of Taxation, Department of Budget and Finance, Hawaii State Energy Office, Climate Protectors Hawai'i, and Tax Foundation of Hawaii.

Your Committee finds that the development of utility-scale renewable energy is critical to meeting the State's clean energy and carbon reduction goals. Because the development of firm renewable energy systems requires a significant outlay of investment and resources, this measure provides incentives through

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tax credits to develop more firm renewable energy generation based on local resources, improving the State's energy diversity, reliability, and stability.

Your Committee has amended this measure by:

- Clarifying that the tax credit shall be based on the total output capacity of a firm renewable energy system, to be consistent with how other existing renewable energy systems are measured;
- (2) Clarifying the definition of "firm renewable energy system" by inserting a definition for "renewable energy";
- (3) Making the renewable energy technologies income tax credit unavailable for renewable energy technology systems installed and placed in service after December 31, 2045; 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 S.B. No. 2511, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2511, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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

Muole E. Lorver

NICOLE E. LOWEN, Chair

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State of Hawaii House of Representatives The Thirty-first Legislature



Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.:Committee Referral:Date:3/17/20225B2511,5D2EEP,CPC, FINDate:3/17/2022				
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) 				
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			ng bloch <u>i</u> 1928 mar broch a langt stand an dischda	
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TOTAL (8) Image: Constraint of the second data and the s				
If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: his hat				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				