

STAND. COM. REP. NO. 8

Honolulu, Hawaii

**FEB 02**, 2023

RE: H.B. No. 348  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 348 entitled:

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

begs leave to report as follows:

The purpose of this measure is to allow the counties to establish, by ordinance, an opt-in program that allows an annual payment in lieu of real property taxes on the land or improvements thereon that are actively used to produce or store renewable energy that is sold to an electric utility.

Your Committee received testimony in support of this measure from the Hawaii State Energy Office, Ulupono Initiative, Clearway Energy Group, Hawaiian Electric, Hawaii Solar Energy Association, Environmental Caucus of the Democratic Party of Hawai'i, and three individuals.

Your Committee finds that in late 2021, the City and County of Honolulu Real Property Assessment Division changed the classification of some parcels of land from agricultural to industrial for tax purposes as a result of those parcels being developed with renewable energy projects. This change in classification resulted in a drastic increase in property taxes for affected renewable energy projects, resulting in some project operators receiving assessments that were hundreds of times higher

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than their prior assessments. Allowing the counties to establish an in-lieu real property tax program for independent renewable power producers balances the interests and goals of the State, the counties, and the renewable power industry and provides some stability for renewable energy projects from fluctuations in real property values and taxes.

Your Committee has amended this measure by:

- (1) Specifying "power purchase contract" rather than "power purchase agreement" to capture the various types of contracts that electric utilities utilize;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) 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. 348, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 348, 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,

  
NICOLE E. LOWEN, Chair



Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: HB 348	Committee Referral: EEP, CPC, FIN	Date: 1/31/23		
<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. COCHRAN, Elle (VC)	✓			
3. GATES, Cedric Asuega	✓			
4. KAHALOA, Kirstin	✓			
5. PERRUSO, Amy A.	✓			
6. WOODSON, Justin H.	✓			
7. WARD, Gene			✓	
TOTAL (7)	6	0	1	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted			If joint referral, _____ did not support recommendation.	
Vice Chair's or designee's signature: <u>Elle Cochran</u>			committee acronym(s)	
Distribution: Original (White) – Committee			Duplicate (Yellow) – Chief Clerk's Office	
			Duplicate (Pink) – HMSO	