

Honolulu, Hawaii

March 15, 2013

RE: S.B. No. 623  
S.D. 2  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 623, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Provide income tax credits for renewable energy technologies for solar energy properties and wind energy properties, rather than for solar energy systems and wind energy systems including by specifying eligibility for and amounts of the credits; and
- (2) Require the Department of Taxation, in collaboration with the Department of Business, Economic Development, and Tourism, to report to the Legislature regarding tax credits claimed for solar and wind-energy properties.

The Sierra Club, Hawaii Chapter; Forest City Hawaii; and an individual provided testimony in support of this measure. The Department of Taxation; Department of Business, Economic Development, and Tourism; Hawaii PV Coalition; Hawaii Solar Energy Association; AlphaStream Capital Management, LLC; Blue Planet Foundation; Clean Power Finance; Distributed Energy Partners; Environmental Caucus of the Democratic Party of Hawaii; The



Pacific Resource Partnership; Kairos Energy Capital; Mainstream Energy Corp.; RevoluSun; Rising Sun Solar+Electric; SunEdison; Sunetric; SunPower Systems Corporation; Sunrun, Inc.; Ulupono Initiative; Tax Foundation of Hawaii; Sovereign Councils of the Hawaiian Homelands Assembly; SolarCity; First Wind; Hawaii Energy Connection, LLC; Hawaii Renewable Energy Alliance; Inter-Island Solar Supply; Solar Power Systems International, LLC; and an individual provided comments on this measure.

Your Committee has amended this measure by:

- (1) Eliminating the tiered rate structure for solar energy projects that are larger than one megawatt in alternating current capacity and replacing it with a structure that provides stepped-down investment tax credits;
- (2) Clarifying that residential and commercial solar energy property and wind energy property credits may be claimed in multiple years for properties that do not qualify for other credits; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that concerns regarding the possible retroactivity of the tax credit given the effective date of the measure were raised in discussion. Your Committee notes that its intent in moving this measure forward is not to deprive existing customers of tax credits available under current law for the current year.

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. 623, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 623, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.



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



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CHRIS LEE, Chair



