

Honolulu, Hawaii

FEB 15 2013

RE: S.B. No. 623

S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred S.B. No. 623 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish tax credits for solar energy property, wind energy property, competitive bid solar energy property, and wind energy property that is not part of a larger competitive bid wind energy property; and
- (2) Require the Department of Taxation and Department of Business, Economic Development, and Tourism to report tax credits claimed under section 235-12.5, Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from Ulupono Initiative, Hawaii Solar Energy Association, Sunetric and two individuals. Your Committee received testimony in opposition to this measure from Sierra Club Hawaii Chapter, Energy Industries, Inter-Island Solar Electric, and two individuals. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, SunRun, Hawaii PV Coalition, SunPower, Revolusun, Kairos Energy Capital, First Wind, and Rising Sun Solar Electric.



Your Committee finds that allowing tax credits for a portion of the cost of installing solar and wind energy systems promotes the State's goals of energy independence from foreign oil and local renewable energy production. Your Committee notes, however, that the tax credits, as currently structured, have proved costly to the state treasury while not promoting renewable energy investment as the original statute intended. Your Committee finds that it is necessary to alter the tax credit structure to promote a more balanced approach that expands some credits while limiting costs to the State.

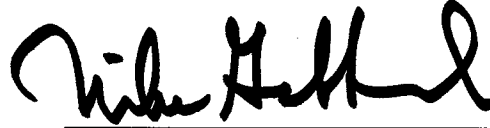
Your Committee has amended this measure by:

- (1) Raising the tax credit cap for solar energy property to \$500 per unit for multi-family residential property;
- (2) Altering tax credits for residential and non-utility-scale energy properties that step-down over time;
- (3) Altering tax credits for solar energy properties one megawatt and above;
- (4) Changing "solar or wind energy system" to "solar or wind energy property";
- (5) Allowing certain solar and wind properties to keep existing tax credits if certain requirements are met;
- (6) Allowing condominium owners, cooperative housing corporations, and planned community associations to claim the tax credits under this measure;
- (7) Disallowing tax credits to certain organizations exempt from tax under section 501(a) of the Internal Revenue Code; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 623, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 623, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Energy and  
Environment,



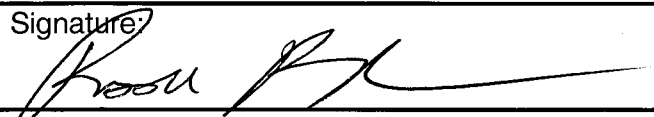
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MIKE GABBARD, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Energy and Environment**  
**ENE**

Bill / Resolution No.:* <b>SB 623</b>	Committee Referral: <b>ENE, WAM</b>	Date: <b>2/12/13</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	X			
RUDERMAN, Russell E. (VC)	X			
CHUN OAKLAND, Suzanne	X			
IHARA, Jr., Les	X			
SLOM, Sam				X
<b>TOTAL</b>	<b>4</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes