

Honolulu, Hawaii

FEB 09 2015

RE: S.B. No. 1096
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1096 entitled:

"A BILL FOR AN ACT RELATING TO ON-BILL PROGRAMS,"

begs leave to report as follows:

The purpose and intent of this measure is to exempt electric utilities serving as billing and collections agents for an on-bill program from certain state taxes and state laws regulating financial institutions, escrow depositories, or collection agencies.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; Public Utilities Commission; and Hawaiian Electric Company, Inc. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that an on-bill program administered by an electric utility allows customers of the utility to purchase a renewable energy system, while the electric utility serves as a billing and collection agent for the on-bill program in a pass-through capacity for any and all monies collected and remitted while participating in the on-bill program. Electric utilities who serve as billing and collection agents and function in a pass-through capacity are therefore not raising revenue from monies collected and remitted while participating in an on-bill program.



Your Committee further finds that levying of revenue-related taxes or requiring other financial regulations on an electric utility participating in a pass-through capacity in an on-bill program would create additional costs for the utility, which could be passed on to ratepayers. This measure would eliminate these additional costs but would not have an impact on other fees or taxes imposed on other amounts received in the normal course of operations by an electric utility.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2020, to encourage further discussion; and
- (2) 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 Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1096, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1096, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB1096	CPN, WAM	2-4-15		
<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
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)				✓
KAHELE, Gilbert	✓			
KIDANI, Michelle N.	✓			
NISHIHARA, Clarence K.	✓			
WAKAI, Glenn	✓			
SLOM, Sam	✓			
TOTAL	6			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes