

STAND. COM. REP. NO. **3155**

Honolulu, Hawaii

MAR 20 2008

RE: H.B. No. 3064  
H.D. 2  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred H.B. No. 3064, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO REFUNDABLE RENEWABLE ENERGY TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to provide economic incentive for installing renewable resource technologies to certain retirees and persons with low income who cannot take advantage of the tax credits presently offered because they have no tax liability.

Specifically, this measure allows a taxpayer whose sole source of income is derived from pension benefits or with a low adjusted gross income level (currently unspecified) to qualify for a refundable tax credit for the purchase and installation of a renewable energy technology system, which includes solar water heating, photovoltaic, and wind systems.

Testimony in support of this measure was submitted by the Department of Taxation; Department of Business, Economic Development, and Tourism; Hawaiian Electric Company, Inc. and its subsidiaries, Maui Electric Company and Hawaii Electric Light Company, Inc.; Hawaii Energy Policy Forum; Sierra Club, Hawaii Chapter; Hawaii Renewable Energy Alliance; and the Hawaii Solar Energy Association. Comments were submitted by the Tax Foundation of Hawaii; and the University of Hawaii Environmental Center.



Your Committee finds that many retirees have little Hawaii taxable income because pension income, including social security, is not taxable. These persons may otherwise have the resources to invest in renewable resource technologies; however, they presently cannot take advantage of the tax credits offered. This measure will afford certain retirees and persons with low income who have no tax liability with a refundable incentive to install renewable resource technologies, thus enabling them to reduce monthly electricity costs and support efforts to protect the environment.

The Department of Taxation testified that the revenue impact of the measure is indeterminate due to the unspecified adjusted gross income (AGI) level. However, if the AGI level is set at \$20,000, the Department projects a revenue loss in income tax of \$41,000 annually. While not entirely clear, the Department's methodology is as follows:

The estimate for making the renewable energy tax credit refundable for taxpayers with adjusted gross income of \$20,000 or less (or \$40,000 or less for joint filers) is based on 2005 renewable energy tax credit data. The total number of returns that claimed the renewable energy credit for Single/Married Filing Separately and Head of Households with AGI less than \$20,000 is 316, with a total amount claimed of \$117,304. The total number of returns that claimed the renewable energy credit for Single/Married Filing Separate and Head of Households with AGI less than \$20,000 is 76 returns, with a total amount claimed of \$16,861. The total number of returns that claimed the renewable energy credit for Joint filers with AGI less than \$40,000 is 240, with a total amount claimed of \$100,443. The total credit claimed was \$117,304. Because the proposed credit is refundable, the Department assumes an increase of thirty-five per cent. Therefore, the estimated lost in income tax is \$41,000 annually.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3064, H.D. 2, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development and Taxation,



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CAROL FUKUNAGA, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Economic Development and Taxation**  
**EDT**

Bill / Resolution No.:* <i>HB 3064 HD2 SD1</i>	Committee Referral: <i>ENE, EDT, WAM</i>	Date: <i>3/18/08</i>		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
<b>Members</b>	<b>Aye</b>	<b>Aye (WR)</b>	<b>Nay</b>	<b>Excused</b>
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
BAKER, Rosalyn H.				✓
ENGLISH, J. Kalani	✓			
IGE, David Y.	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<i>4</i>			<i>2</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;"><i>Will Espero</i></div>				
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\*Only one measure per Record of Votes