



# HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of  
**SCOTT J. GLENN, Chief Energy Officer**

before the  
**HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE**

Wednesday, February 16, 2022  
2:00 PM

State Capitol, Conference Room 329 & Videoconference

**COMMENTS  
HB 2178 HD1  
RELATING TO TAX EXPENDITURE ACCOUNTABILITY.**

Chair Johanson, Vice Chair Kitagawa, and Members of the Committee, the Hawai'i State Energy Office (HSEO) offers comments on HB 2178, HD1, which requires laws that enact, modify, or extend the availability of a tax expenditure to contain specific information, revenue estimates, and analyses before becoming law; and allows the disclosure of certain tax expenditure information.

HSEO's testimony is guided by its mission to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient, clean energy, decarbonized economy, and by the Chief Energy Officers' mandate in HRS 196-72(d)(1) to "Formulate, analyze, recommend, and implement specific policies, strategies, and plans, in coordination with public and private sector stakeholders, to cost-effectively and equitably achieve the State's energy goals."

HSEO appreciates the requirement that the enactment or extension of a tax expenditure include "an explanation of the intent in enacting each tax expenditure..."<sup>1</sup>

The focus on analyzing the economic and employment benefits to the state is appropriate in those cases where "economic and employment benefits" are the public

<sup>1</sup> HB2178, HD1, page 1 lines 6-7

policies intended to be addressed by the tax expenditure, which HSEO understands to include both tax credits and exemptions.

HSEO notes that since the scope of government responsibility is broader than tax revenue receipts and job creation;<sup>2</sup> if the intent of a tax expenditure is to accomplish those other public policy objectives, it may be appropriate to acknowledge to what extent the subject tax expenditure is effective in accomplishing those objectives.

In some cases it may be necessary and appropriate for the Legislature to use taxes and tax credits as a means to balance and support the variety of economic, social, and environmental challenges faced by our state.

Tax credits have been shown to be an effective means of directing private investment towards public objectives; the processes and metrics to use when quantifying the effectiveness of the various policies is a rich area of research and policy development which may be worthy of further Committee consideration.<sup>3</sup>

Thank you for the opportunity to testify.

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<sup>2</sup> The [State Constitution](#) lists several areas of government interest, including [Article IX, Public Health and Welfare](#) (public health; care of handicapped persons public assistance; economic security of the elderly; housing, slum clearance, development and rehabilitation; management of state population growth; public sightliness and good order; preservation of a healthful environment; cultural resources; and public safety); [Article X, Education](#); [Article XI, Conservation, Control And Development Of Resources](#) (conservation and development of resources; management and disposition of natural resources; agricultural lands; public land banking; marine resources; water resources; nuclear energy; environmental rights; farm and home ownership);and [Article XII, Hawaiian Affairs](#).

<sup>3</sup> For example, the [Journal of Public Policy](#); [Governing](#) magazine; and the [Public Policy Center at the University of Hawai'i at Mānoa](#).