



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Thursday, February 9, 2023
2:00 PM
State Capitol, Conference Room 329 and Videoconference

In Support of
HB 348, HD1

RELATING TO RENEWABLE ENERGY.

Chair Nakashima, Vice Chair Sayama, and Members of the Committee, the Hawaii State Energy Office (HSEO) supports HB 348, HD1, which allows the counties to establish, by ordinance, an opt-in program that allows an annual payment in lieu of real property taxes on the land or improvements thereon that are actively used to produce or store renewable energy that is sold to an electric utility.

HSEO points out recent occurrences where county property tax assessments were suddenly and dramatically increased on certain renewable energy projects on Oahu. Such unexpected and extreme increases in tax liability significantly impact the financial viability of renewable energy projects and may deter developers from bidding on upcoming requests for proposals. For renewable energy projects currently operational and those under development that were selected during a competitive procurement process, after-the-fact tax increases adversely affect Hawaii's reputation as being a great place to invest in renewable energy projects.

While the situation was partially remedied by the City and County of Honolulu's rapid adoption of Ordinance 21-32, HSEO and others have outstanding concerns due to the ordinance's complexity and ambiguity. Therefore, HSEO supports a long-term solution that provides for tax predictability and does not increase the tax liability that was in place at the time the existing and developing projects were financed, competitively bid, and approved by the Public Utilities Commission.

The approach set forth in this bill provides predictability for all parties involved and greatly reduces development risk and costs if adopted by the counties.

HSEO has been informed by the City and County of Honolulu that the provisions of this bill are necessary for the County to take this approach. This is a critical measure to help restore consistency and predictability for future tax revenues of counties by ensuring renewable projects continue to be developed. Reducing risk of future renewable energy projects will ensure Hawaii continues its progress on replacing fossil fueled electricity generation facilities, protecting Hawaii's most vulnerable ratepayers, and advancing the state's renewable energy goals.

HSEO looks forward to working with the counties to adopt an appropriate in-lieu payment for renewable energy projects within their respective real property tax ordinances. This bill will provide the first step in adoption at the county level.

Thank you for the opportunity to testify.