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SB 2222 SD 2 SCR 2510 RELATING TO TAXATION

Statement for House Committee on
Planning, Energy and Environmental Protection
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By

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SB 2222 SD 2 would add the installation of gas water heaters or solar thermal electric generation systems to the energy saving devices listed under HRS 235-12 that qualify for tax credits.

Our statement on this bill does not represent an institutional position of the University of Hawaii.

We certainly concur with the intent of this bill to encourage energy efficient water heating or electric generation systems. However, we do not concur with the proposed extension of the tax credit provisions to the installation of gas water heaters.

It is our understanding that residential heat pumps for water heating are significantly more efficient than gas water heaters. Furthermore, gas water heaters, regardless of their efficiency, still are 100 percent dependent on fossil fuel whereas the electric power for heat pumps can be generated from alternate energy sources such as wind, bagasse, or hydroelectric in addition to oil. Gas water heaters are already the least expensive water heaters in initial cost. Providing a tax credit for solar water heating systems or heat pumps will help defray some of their higher initial cost.

Therefore, if the intent of this bill is to encourage energy efficiency and reduce the need for imported fuels, we see no justification for including gas water heaters for special tax credits.