A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY TECHNOLOGIES TAX CREDITS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAI'I:

SECTION 1. In 1976, the legislature, recognizing the critical importance of renewable energy to the State, enacted Act 189, which established income tax credits to encourage investment in renewable energy systems. The Act has been amended to vary credit rates, duration of credits, and include emergent, viable renewable energy technologies. The legislature found in 2008 that fossil fuel imports account for a greater impact upon Hawai'i's economy than at any prior time, despite Hawaii being blessed with the greatest number of renewable energy resources in the nation.

The purpose of this Act is to encourage investment in the deployment of seawater air conditioning as a renewable energy technology by amending the renewable energy technologies tax credit.

SECTION 2. Section 235-12.5, Hawaii Revised Statutes, is amended as follows:

1. By amending subsections (a) through (c) to read:
"(a) When the requirements of subsection (d) are met, each individual or corporate taxpayer that files an individual or corporate net income tax return for a taxable year may claim a tax credit under this section against the Hawaii state individual or corporate net income tax. The tax credit may be claimed for every eligible renewable energy technology system that is installed and placed in service in the State by a taxpayer during the taxable year. The tax credit may be claimed as follows:

(1) For each solar energy system: thirty-five per cent of the actual cost or the cap amount determined in subsection (b), whichever is less; or

(2) For each wind-powered energy system: twenty per cent of the actual cost or the cap amount determined in subsection (b), whichever is less; or

(3) For each commercial air conditioning system connected to a seawater air conditioning district cooling system: the actual cost of connecting the commercial air conditioning system to the seawater air conditioning district cooling system or the cap amount determined in subsection (b), whichever is less;
provided that multiple owners of a single system shall be
titled to a single tax credit; and provided further that the
tax credit shall be apportioned between the owners in proportion
to their contribution to the cost of the system.

In the case of a partnership, S corporation, estate, or
trust, the tax credit allowable is for every eligible renewable
ergy technology system that is installed and placed in service
in the State by the entity. The cost upon which the tax credit
is computed shall be determined at the entity level.

Distribution and share of credit shall be determined pursuant to
section 235-110.7(a).

(b) The amount of credit allowed for each eligible
renewable energy technology system shall not exceed the
applicable cap amount, which is determined as follows:

(1) If the primary purpose of the solar energy system is
to use energy from the sun to heat water for household
use, then the cap amounts shall be:

(A) $2,250 per system for single-family residential
property;

(B) $350 per unit per system for multi-family
residential property; and
(C) $250,000 per system for commercial property;

(2) For all other solar energy systems, the cap amounts shall be:

(A) $5,000 per system for single-family residential property; provided that if all or a portion of the system is used to fulfill the substitute renewable energy technology requirement pursuant to section 196-6.5(a)(3), the credit shall be reduced by thirty-five per cent of the actual system cost or $2,250, whichever is less;

(B) $350 per unit per system for multi-family residential property; and

(C) $500,000 per system for commercial property;

(3) For all wind-powered energy systems, the cap amounts shall be:

(A) $1,500 per system for single-family residential property; provided that if all or a portion of the system is used to fulfill the substitute renewable energy technology requirement pursuant to section 196-6.5(a)(3), the credit shall be
reduced by twenty per cent of the actual system cost or $1,500, whichever is less;

(B) $200 per unit per system for multi-family residential property; and

(C) $500,000 per system for commercial property;

and

(4) For each commercial air conditioning system connected to a seawater air conditioning district cooling system, the cap amount shall be $500,000 per system.

(c) For the purposes of this section:

"Actual cost" means costs related to the renewable energy technology systems under subsection (a), including accessories and installation, but not including the cost of consumer incentive premiums unrelated to the operation of the system or offered with the sale of the system and costs for which another credit is claimed under this chapter.

"Commercial air conditioning system" means a building air conditioning system for commercial, office, or residential buildings connected to a seawater air conditioning district cooling system.
"Household use" means any use to which heated water is commonly put in a residential setting, including commercial application of those uses.

"Renewable energy technology system" means a new system that captures and converts a renewable source of energy, such as solar or wind energy, into:

(1) A usable source of thermal or mechanical energy;
(2) Electricity; or
(3) Fuel.

"Seawater air conditioning district cooling system" means an identifiable facility, equipment, apparatus, or the like that utilizes naturally occurring cold, deep seawater as its primary source of cooling that centralizes chilled water production into a single central chiller plant for distribution of the chilled water to multiple commercial air conditioning systems.

"Solar or wind energy system" means any identifiable facility, equipment, apparatus, or the like that converts solar or wind energy to useful thermal or electrical energy for heating, cooling, or reducing the use of other types of energy that are dependent upon fossil fuel for their generation."

2. By amending subsection (e) to read:

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(e) The director of taxation shall prepare any forms that may be necessary to claim a tax credit under this section, including forms identifying the technology type of each tax credit claimed under this section, whether for solar or wind. The director may also require the taxpayer to furnish reasonable information to ascertain the validity of the claim for credit made under this section and may adopt rules necessary to effectuate the purposes of this section pursuant to chapter 91.

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect on July 1, 2019, and shall apply to taxable years beginning after December 31, 2018.

INTRODUCED BY: __________________________

JAN 2 4 2019
Report Title:
Renewable Energy Technologies Tax Credit; Seawater Air Conditioning

Description:
Amends the renewable energy technologies income tax credit to include commercial seawater air conditioning systems.

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