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# A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 235-12.5, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "§235-12.5 Renewable energy technologies; income tax  
4 credit. (a) When the requirements of subsection (d) are met,  
5 each individual or corporate taxpayer that files an individual  
6 or corporate net income tax return for a taxable year may claim  
7 a tax credit under this section against the Hawaii state  
8 individual or corporate net income tax. The tax credit may be  
9 claimed for every eligible renewable energy technology system  
10 that is installed and placed in service in the State by a  
11 taxpayer during the taxable year. The tax credit may be claimed  
12 as follows:

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



1           (2) For each wind-powered energy system: twenty per cent  
 2           of the actual cost or the cap amount determined in  
 3           subsection (b), whichever is less;  
 4 provided that multiple owners of a single system shall be  
 5 entitled to a single tax credit; and provided further that the  
 6 tax credit shall be apportioned between the owners in proportion  
 7 to their contribution to the cost of the system.

8           In the case of a partnership, S corporation, estate, or  
 9 trust, the tax credit allowable is for every eligible renewable  
 10 energy technology system that is installed and placed in service  
 11 in the State by the entity. The cost upon which the tax credit  
 12 is computed shall be determined at the entity level.  
 13 Distribution and share of credit shall be determined pursuant to  
 14 section 235-110.7(a).

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

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



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

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

5 (C) \$250,000 per system for commercial property;

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

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

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

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

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

20 (A) \$1,500 per system for single-family residential  
21 property; provided that if all or a portion of



1 the system is used to fulfill the substitute  
2 renewable energy technology requirement pursuant  
3 to section 196-6.5(a)(3), the credit shall be  
4 reduced by twenty per cent of the actual system  
5 cost or \$1,500, whichever is less;

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

8 (C) \$500,000 per system for commercial property.

9 (c) For the purposes of this section:

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

16 "Household use" means any use to which heated water is  
17 commonly put in a residential setting, including commercial  
18 application of those uses.

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



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

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

9 (d) For taxable years beginning after December 31, 2005,  
10 the dollar amount of any utility rebate shall be deducted from  
11 the cost of the qualifying system and its installation before  
12 applying the state tax credit.

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



1 (f) If the tax credit under this section exceeds the  
2 taxpayer's income tax liability, the excess of the credit over  
3 liability may be used as a credit against the taxpayer's income  
4 tax liability in subsequent years until exhausted, unless  
5 otherwise elected by the taxpayer pursuant to subsection (g) or  
6 (h). All claims for the tax credit under this section,  
7 including amended claims, shall be filed on or before the end of  
8 the twelfth month following the close of the taxable year for  
9 which the credit may be claimed. Failure to comply with this  
10 subsection shall constitute a waiver of the right to claim the  
11 credit.

12 (g) For solar energy systems, a taxpayer may elect to  
13 reduce the eligible credit amount by thirty per cent and if this  
14 reduced amount exceeds the amount of income tax payment due from  
15 the taxpayer, the excess of the credit amount over payments due  
16 shall be refunded to the taxpayer; provided that tax credit  
17 amounts properly claimed by a taxpayer who has no income tax  
18 liability shall be paid to the taxpayer; and provided further  
19 that no refund on account of the tax credit allowed by this  
20 section shall be made for amounts less than \$1.



1           The election required by this subsection shall be made in a  
2 manner prescribed by the director on the taxpayer's return for  
3 the taxable year in which the system is installed and placed in  
4 service. A separate election may be made for each separate  
5 system that generates a credit. An election once made is  
6 irrevocable.

7           (h) Notwithstanding subsection (g), for any renewable  
8 energy technology system, an individual taxpayer may elect to  
9 have any excess of the credit over payments due refunded to the  
10 taxpayer, if:

11           (1) All of the taxpayer's income is exempt from taxation  
12           under section 235-7(a)(2) or (3); or

13           (2) The taxpayer's adjusted gross income is \$20,000 or  
14           less (or \$40,000 or less if filing a tax return as  
15           married filing jointly);

16 provided that tax credits properly claimed by a taxpayer who has  
17 no income tax liability shall be paid to the taxpayer; and  
18 provided further that no refund on account of the tax credit  
19 allowed by this section shall be made for amounts less than \$1.

20           A husband and wife who do not file a joint tax return shall  
21 only be entitled to make this election to the extent that they



1 would have been entitled to make the election had they filed a  
2 joint tax return.

3 The election required by this subsection shall be made in a  
4 manner prescribed by the director on the taxpayer's return for  
5 the taxable year in which the system is installed and placed in  
6 service. A separate election may be made for each separate  
7 system that generates a credit. An election once made is  
8 irrevocable.

9 (i) No taxpayer shall be allowed a credit under this  
10 section for the portion of the renewable energy technology  
11 system required by section 196-6.5 that is installed and placed  
12 in service on any newly constructed single-family residential  
13 property authorized by a building permit issued on or after  
14 January 1, 2010.

15 (j) To the extent feasible, using existing resources to  
16 assist the energy-efficiency policy review and evaluation, the  
17 department shall assist with data collection on the following  
18 for each taxable year:

19 (1) The number of renewable energy technology systems that  
20 have qualified for a tax credit during the calendar  
21 year by:



- 1 (A) Technology type; and
- 2 (B) Taxpayer type (corporate and individual); and
- 3 (2) The total cost of the tax credit to the State during
- 4 the taxable year by:

- 5 (A) Technology type; and
- 6 (B) Taxpayer type.

7 (k) This section shall apply to eligible renewable energy  
8 technology systems that are installed and placed in service on  
9 or after July 1, 2009.

10 (1) No credit under this section shall be authorized for  
11 taxable years ending after July 1, 2045."

12 SECTION 2. This Act does not affect rights and duties that  
13 matured, penalties that were incurred, and proceedings that were  
14 begun before its effective date.

15 SECTION 3. New statutory material is underscored.

16 SECTION 4. This Act shall take effect on July 1, 2100.



**Report Title:**

Renewable Energy; Tax Credit

**Description:**

Sunsets the renewable energy technologies income tax credit after 7/1/2045. (SB1163 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

