A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

SECTION 1. The legislature finds that the high cost of living makes it difficult to live in the State of Hawaii. Each year from 2015 to 2019, a CNBC survey ranked Hawaii as being the state with the highest cost of living. In Hawaii, the median monthly cost for homeowners with a mortgage is $2,303, and the median monthly cost of rent is $1,507. Due to the high cost of home ownership, as of 2016, over fifty-six per cent of Honolulu's population is forced to rent, instead of purchasing a home.

The legislature further finds that renewable energy through distributed generation facilities such as solar photovoltaic systems are available to homeowners with tax credit incentives. Many multi-family residential properties include senior citizens and low-income occupants. Many residents who live in multi-family residential properties want to participate in renewable energy and the State's clean energy goals.
The legislature finds that it is important to afford multi-family residential properties with sufficient and equitable incentives and tax credits for renewable energy projects so that multi-family residential occupants can also participate in and receive renewable energy benefits similar to incentives provided to single-family residential properties and commercial properties.

Pursuant to Act 207, Session Laws of Hawaii 2003, the tax credit cap for photovoltaic energy systems for a single family residential property was set at thirty-five per cent of the actual cost or $1,750, whichever is less; for a multi-family residential property, thirty-five per cent of the actual cost or $350 per unit, whichever is less; and for a commercial property, thirty-five per cent of the actual cost or $250,000, whichever is less. Act 240, Session Laws of Hawaii 2006 (Act 240), increased the cap for photovoltaic energy systems for single-family residential property from $1,750 to $5,000 and for commercial property from $250,000 to $500,000. Thus, the cap for single family properties was increased by over two-hundred eighty-five per cent, and the cap for commercial properties was increased by two hundred per cent.
Act 240 did not increase the tax credit cap for multi-family residential properties for photovoltaic systems, which remains at $350 per unit, as it was established in 2003.

The legislature finds that it is time that multi-family residential properties receive equitable renewable energy tax credits, with equally proportionate increases that have been afforded to the single family and commercial properties.

The purpose of this Act is to increase the renewable energy technology tax credit cap per unit per system for multi-family residential properties from $350 to $750.

SECTION 2. Section 235-12.5, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(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] $750 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] $750 per unit per system for multi-family residential property; and

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

(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."

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

SECTION 4. This Act, upon its approval, shall apply to
taxable years beginning after December 31, 2019.

INTRODUCED BY:
Report Title:
Renewable Energy Technologies; Income Tax Credit; Solar Energy System; Multi-Family Residential Properties

Description:
Increase the renewable energy technology tax credit cap per unit per solar energy system for multi-family residential properties from $350 to $750. Applies to taxable years beginning after 12/31/2019.

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