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

9           The legislature further finds that renewable energy through  
10 distributed generation facilities such as solar photovoltaic  
11 systems are available to homeowners with tax credit incentives.  
12 Many multi-family residential properties include senior citizens  
13 and low-income occupants. Many residents who live in  
14 multi-family residential properties want to participate in  
15 renewable energy and the State's clean energy goals.

16           The legislature finds that it is important to afford  
17 multi-family residential properties with sufficient and



1 equitable incentives and tax credits for renewable energy  
2 projects so that multi-family residential occupants can also  
3 participate in and receive renewable energy benefits similar to  
4 incentives provided to single-family residential properties and  
5 commercial properties.

6 Pursuant to Act 207, Session Laws of Hawaii 2003, the tax  
7 credit cap for photovoltaic energy systems for a single family  
8 residential property was set at thirty-five per cent of the  
9 actual cost or \$1,750, whichever is less; for a multi-family  
10 residential property, thirty-five per cent of the actual cost or  
11 \$350 per unit, whichever is less; and for a commercial property,  
12 thirty-five per cent of the actual cost or \$250,000, whichever  
13 is less. Act 240, Session Laws of Hawaii 2006 (Act 240),  
14 increased the cap for photovoltaic energy systems for  
15 single-family residential property from \$1,750 to \$5,000 and for  
16 commercial property from \$250,000 to \$500,000. Thus, the cap  
17 for single family properties was increased by over two-hundred  
18 eighty-five per cent, and the cap for commercial properties was  
19 increased by two hundred per cent.



1 Act 240 did not increase the tax credit cap for  
2 multi-family residential properties for photovoltaic systems,  
3 which remains at \$350 per unit, as it was established in 2003.

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

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

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

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

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

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



1 (B) [~~\$350~~] \$750 per unit per system for multi-family  
2 residential property; and

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

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

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

13 (B) [~~\$350~~] \$750 per unit per system for multi-family  
14 residential property; and

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

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

18 (A) \$1,500 per system for single-family residential  
19 property; provided that if all or a portion of  
20 the system is used to fulfill the substitute  
21 renewable energy technology requirement pursuant



1 to section 196-6.5(a)(3), the credit shall be  
2 reduced by twenty per cent of the actual system  
3 cost or \$1,500, whichever is less;

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

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

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

9 SECTION 4. This Act, upon its approval, shall apply to  
10 taxable years beginning after December 31, 2020.



**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 12/31/2020. (SD1)

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

