

JAN 23 2020

A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY TECHNOLOGIES TAX CREDITS.

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

1 SECTION 1. The legislature finds that every year,
2 proposals to change or eliminate renewable energy tax credits
3 are submitted that could potentially negatively affect renewable
4 energy projects that are currently in development and were
5 initiated in reliance on existing renewable energy tax credits.
6 These renewable energy tax credits are applied to the rates that
7 are contracted with the electric utilities and ultimately
8 reflected in the rates benefitting ratepayers. Changes to
9 renewable energy tax credits that affect renewable energy
10 projects that are already under development would negatively
11 impact the financeability rate and overall viability of affected
12 renewable energy projects, which will hinder the electric
13 utility in achieving the State's renewable portfolio standard of
14 one hundred per cent by 2045.

15 The legislature further finds that renewable energy tax
16 credits for utility-scale projects contracted with the electric
17 utility and approved by the public utilities commission's



1 decision and order in 2019 must be taken on tax returns filed
2 after the project is commercially operational in subsequent
3 years. As a result, such projects are at risk for any changes
4 in law that might reduce the value of the credit between now and
5 the completion of the project. Any changes to renewable energy
6 tax credits prior to the completion of such projects could
7 financially harm the developer's ability to deliver the proposed
8 renewable energy projects, which would ultimately harm the
9 ratepayers and the State's energy policy goals. It is therefore
10 important to provide developers of utility-scale renewable
11 energy projects with certainty that that the currently existing
12 renewable energy tax credit will still apply to projects that
13 have already been approved by the public utilities commission in
14 2019 and currently under development when they are ultimately
15 completed. Such assurance will help reduce risks and costs for
16 developers and increase the number of developers willing to
17 propose and develop renewable energy projects in Hawaii.
18 Increasing competition for renewable energy projects is in the
19 public interest, as it will help reduce renewable energy costs
20 for ratepayers.



1 Accordingly, the purpose of this Act is to ensure that,
2 notwithstanding any amendments to the existing renewable energy
3 tax credits, previously approved commercial utility-scale
4 renewable energy projects that are currently under development
5 are not to be affected by any subsequent amendments to existing
6 state law.

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

9 "(a) When the requirements of subsection (d) are met, each
10 individual or corporate taxpayer that files an individual or
11 corporate net income tax return for a taxable year may claim a
12 tax credit under this section against the Hawaii state
13 individual or corporate net income tax. The tax credit may be
14 claimed for every eligible renewable energy technology system
15 that is installed and placed in service in the State by a
16 taxpayer during the taxable year. The tax credit may be claimed
17 as follows:

18 (1) For each solar energy system: thirty-five per cent of
19 the actual cost or the cap amount determined in
20 subsection (b), whichever is less; ~~[or]~~ provided that,
21 notwithstanding any law to the contrary and any



1 subsequent amendments to this paragraph, a power
2 purchase agreement approved by a decision and order
3 issued by the public utilities commission prior to
4 December 31, 2019, shall continue to receive thirty-
5 five per cent of the actual cost or the cap amount
6 determined in subsection (b), up to the applicable cap
7 amount of \$500,000 per solar energy system; or

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

11 provided that multiple owners of a single system shall be
12 entitled to a single tax credit; and provided further that the
13 tax credit shall be apportioned between the owners in proportion
14 to their contribution to the cost of the system.

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

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



S.B. NO. 3036

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

3 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: Michelle D. Tidani


~~AC. Fish-Gara~~



Randy de Beke



S.B. NO. 3036

Report Title:

Renewable Energy Technologies Tax Credits; Power Purchase Agreements

Description:

Clarifies that notwithstanding any law to the contrary or subsequent amendments to existing state renewable energy investment tax credits, a power purchase agreement approved by the public utilities commission prior to 12/31/2019 shall receive thirty-five per cent of the actual cost or up to the applicable cap amount of \$500,000 per solar energy system.

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