
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. Section 235-12.5, Hawaii Revised Statutes, is
2 amended by amending subsections (a) and (b) to read as follows:
3 "(a) When the requirements of subsection (d) are met, each
4 individual or corporate taxpayer that files an individual or
5 corporate net income tax return for a taxable year may claim a
6 tax credit under this section against the Hawaii state
7 individual or corporate net income tax. The tax credit may be
8 claimed for every eligible renewable energy technology system
9 that is installed and placed in service in the State by a
10 taxpayer during the taxable year. The tax credit may be claimed
11 as follows:
12 (1) For each solar energy system: thirty-five per cent of
13 the actual cost or the cap amount determined in
14 subsection (b) [~~, whichever is less, or~~]; provided
15 that:
16 (A) For taxable years beginning after December 31,
17 2019, and except as provided in subparagraphs (B)



1 and (C), no tax credit may be claimed for solar
2 energy systems installed and placed in service
3 for commercial properties that require a power
4 purchase agreement approved by the public
5 utilities commission;

6 (B) Notwithstanding any law to the contrary and any
7 subsequent amendments to this paragraph or to any
8 applicable law, a solar energy system that is
9 five megawatts in generating capacity or larger,
10 installed and placed in service on commercial
11 property pursuant to a power purchase agreement
12 approved by a decision and order by the public
13 utilities commission prior to December 31, 2019,
14 shall continue to receive a tax credit equal to
15 thirty-five per cent of the actual cost, or
16 \$500,000 per solar energy system that has a total
17 output capacity of at least one thousand
18 kilowatts per system of direct current, whichever
19 is less; and

20 (C) For each solar energy system integrated with a
21 pump hydroelectric energy storage system, the tax



1 credit may be claimed for thirty-five per cent of
2 the actual cost or the cap amount determined in
3 subsection (b), whichever is less; provided that
4 applicable project approval filings have been
5 made to the public utilities commission by
6 December 31, 2021; or

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

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

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

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

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

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

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

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

11 ~~(C) \$250,000 per system for commercial property,]~~

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

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



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

3 [~~(C) \$500,000 per system for commercial property; and~~]

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

6 (A) \$1,500 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 twenty per cent of the actual system
12 cost or \$1,500, whichever is less; and

13 (B) [~~\$200~~] \$750 per unit per system for multi-family
14 residential property [~~; and~~

15 ~~(C) \$500,000 per system for commercial property]."~~

16 SECTION 2. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 3. This Act shall take effect on July 1, 2050, and
19 shall apply to taxable years beginning after December 31, 2019.

Report Title:

Renewable Energy Technologies Income Tax Credit; Power Purchase Agreements

Description:

Repeals the renewable energy technologies income tax credit for solar energy systems installed and placed in service for commercial properties that require a power purchase agreement (PPA) approved by the PUC, except for certain solar energy systems. Increases the renewable energy technologies income tax credit cap amount for multi-family residential properties. Effective 7/1/2050. (HD1)

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