
A BILL FOR AN ACT

RELATING TO ALTERNATIVE ENERGY SOURCES.

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

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows

4 "§235- Alternative energy tax credit. (a) There shall
5 be allowed to each resident individual or corporate taxpayer who
6 is not claimed or is not otherwise eligible to be claimed as a
7 dependent by another taxpayer for federal or Hawaii state income
8 tax purposes an alternative energy tax credit, which shall be
9 deductible from the taxpayer's net income tax liability imposed
10 by this chapter or chapter 237 for the taxable year in which the
11 tax credit is properly claimed.

12 (b) The tax credit shall apply to eligible costs related
13 to the development of alternative energy sources in the State.
14 The amount of the tax credit shall be _____ per cent of the
15 eligible costs expended by the taxpayer.

16 (c) To qualify for the income tax credit, the taxpayer
17 shall be in compliance with all applicable federal, state, and
18 county statutes, rules, and regulations.



1 (d) If the tax credit under this section exceeds the
2 taxpayer's net income tax liability under this chapter or
3 chapter 237, any excess of the tax credit may be used as a
4 credit against the taxpayer's income tax liability in subsequent
5 taxable years until exhausted.

6 (e) If the taxpayer is a partnership, S corporation,
7 estate, or trust, the tax credit is for costs incurred by the
8 entity for the taxable year. The costs upon which the tax
9 credit is computed shall be determined at the entity level.
10 Distribution and share of the tax credit shall be determined
11 pursuant to section 235-110.7.

12 (f) If at any time during the period in which the tax
13 credits are earned under this section, the taxpayer no longer
14 qualifies for the tax credit, the tax credits claimed under this
15 section shall be recaptured. The recapture shall be equal to
16 _____ per cent of the total tax credits claimed under this
17 section. The amount of the recaptured tax credits shall be
18 added to the taxpayer's tax liability for the taxable year in
19 which the recapture occurs.

20 (g) As used in this section:
21 "Alternative energy sources" means energy from a source or
22 process that does not use fossil or nuclear fuel, including



1 solid waste, wind, geothermal, solar or ocean waves, tides or
2 currents, bio-conversion, hydro-electric, thermal conversion, or
3 osmosis. Alternative energy source does not mean nuclear
4 fission.

5 (h) Every claim, including amended claims, for the tax
6 credit under this section shall be filed on or before the end of
7 the twelfth month following the close of the taxable year for
8 which the tax credit may be claimed. Failure to meet the filing
9 requirements of this subsection shall constitute a waiver of the
10 right to claim the tax credit.

11 (i) The director of taxation shall prepare such forms as
12 may be necessary to claim a tax credit under this section, may
13 require proof of the claim for the tax credit, and may adopt
14 rules pursuant to chapter 91 to effectuate the purposes of this
15 section.

16 (j) The department of taxation shall report to the
17 legislature annually, no later than twenty days prior to the
18 convening of every regular session, on the number of taxpayers
19 claiming the tax credit and the total cost of the tax credit to
20 the State during the past year."

21 SECTION 2. New statutory material is underscored.



H.B. NO. 2703

1 SECTION 3. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2005.

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INTRODUCED BY: Kirk Caldwell

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BR

JAN 24 2006



Report Title:

Tax Credit; Alternative Energy Sources

Description:

Provides a tax credit for the development of alternative energy sources.

