

---

---

# A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

1           SECTION 1. The legislature finds that energy costs are  
2 continuing to rise in the State of Hawaii. The legislature  
3 further finds that energy use contributes to negative  
4 environmental consequences, such as the emission of greenhouse  
5 gases. According to a report by the Pew Center for Global  
6 Climate Change, individual households are increasingly  
7 considered part of the problem as home energy use is responsible  
8 for about one-fifth of U.S. energy-related greenhouse emissions.

9           The legislature further finds that "Energy Star" products,  
10 such as energy-efficient appliances, will save Hawaii residents  
11 money and help to preserve the environment. Energy-efficient  
12 choices can save families about a third on their energy bills  
13 while significantly reducing greenhouse gas emissions.  
14 According to the Environmental Protection Agency and the  
15 Department of Energy, in 2004 alone, Americans, with the help of  
16 Energy Star products, saved enough energy to power twenty-four  
17 million homes and avoid greenhouse gas emissions equivalent to



1 those from twenty million cars, all while saving approximately  
2 \$10,000,000,00 in energy costs.

3 The purpose of this Act is to provide a \$50 tax credit for  
4 the aggregate purchase of at least \$300 in "Energy Star"  
5 products for residential or commercial use.

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

9 "§235- Qualified energy conservation; income tax credit.

10 (a) There shall be allowed to each taxpayer subject to the  
11 taxes imposed by this chapter a qualified income tax credit for  
12 the purchase of "Energy Star" products, which shall be available  
13 to reduce the taxpayer's net income tax liability.

14 (b) In the case of a partnership, S corporation, estate,  
15 or trust, the tax credit is allowable for products placed into  
16 service by the entity. The cost upon which the tax credit is  
17 computed shall be determined at the entity level. Distribution  
18 and share of credit shall be determined by rules.

19 (c) The amount of the tax credit shall be \$50 and may be  
20 claimed for the purchase of "Energy Star" products with an  
21 aggregate retail price of at least \$300.

1       (d) If the tax credit claimed by the taxpayer under this  
2 section exceeds the amount of the tax credit of the income tax  
3 payments due, the excess of credit over-payments shall be  
4 refunded to the taxpayer; provided that the tax credit properly  
5 claimed by a taxpayer who has no income tax liability shall be  
6 paid to the taxpayer; and provided that no refunds or payments  
7 on account of the tax credit allowed by this section shall be  
8 made for amounts less than \$1.

9       (e) The director of taxation shall prepare forms as may be  
10 necessary to claim a credit under this section. The director  
11 may also require the taxpayer to furnish information to  
12 ascertain the validity of the claim for credit made under this  
13 section.

14       (f) The department of taxation shall adopt rules pursuant  
15 to chapter 91 necessary for the purposes of this chapter.

16       (g) As used in this section:

17       "Energy Star product" means a product designated and  
18 labeled as such by the Environmental Protection Agency and the  
19 Department of Energy through the Energy Star program."

20       SECTION 3. New statutory material is underscored.

21       SECTION 4. This Act, upon its approval, shall apply to  
22 taxable years beginning after December 31, 2005.



**Report Title:**

Tax Credit; Energy Star Products

**Description:**

Provides a tax credit for the purchase of "Energy Star" designated and labeled products. (SD1)

