
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 using the sun as an
2 energy source is a tried and true idea. From hanging clothes on
3 a clothesline to using solar energy to heat water, people in
4 Hawaii are long accustomed to using the sun as an alternate to
5 petroleum-generated electricity.

6 The legislature also finds that photovoltaic systems are
7 the next generation of technology that uses the energy of the
8 sun. The difference between photovoltaic systems and other uses
9 of solar energy, however, is that photovoltaic systems take
10 sunlight and convert the energy into electricity that can be
11 used to power any home or electrical appliance.

12 Increased use of alternative energies to provide power to
13 our homes, businesses, and technologies, help to reduce our
14 dependence on fossil fuels, improves the quality of our air and
15 water, and minimizes spikes in energy costs due to petroleum
16 shortages. The purpose of this Act is to provide a tax
17 incentive to increase the use of photovoltaic systems as an



1 alternative energy source and to defray the costs of purchasing
2 and installing such a system based on income levels.

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

6 "§235- Photovoltaic systems; tax credit. (a) There
7 shall be allowed to each qualified taxpayer subject to the taxes
8 imposed by this chapter, a tax credit that may be claimed for
9 the taxable year in which the credit is properly claimed. The
10 amount of the credit shall be subject to the adjusted gross
11 income brackets shown in the following schedule:

12 TAX CREDIT SCHEDULE

<u>Adjusted Gross Income</u>	<u>Tax Credit</u>
<u>\$50,000 and below</u>	<u>Up to \$10,000</u>
<u>\$50,001 to \$75,000</u>	<u>Up to \$7,500</u>
<u>\$75,001 to \$100,000</u>	<u>Up to \$5,000</u>
<u>\$100,001 and over</u>	<u>Up to \$2,500</u>

18 A husband and wife filing separate returns for a taxable
19 year for which a joint return could have been filed by them
20 shall claim only the tax credit to which they would have been
21 entitled had a joint return been filed.



1 (b) The tax credit shall be equal to the qualified costs
2 incurred in a taxable year after December 31, 2006, subject to
3 the schedule in subsection (a) and up to a maximum of
4 \$10,000,000 of credits in the aggregate for all qualified
5 taxpayers for all years.

6 (c) The tax credit shall only be available to qualified
7 homeowners.

8 (d) If the tax credit under this section exceeds the
9 taxpayer's income tax liability for the taxable year in which
10 the credit is claimed, the excess of the tax credit over
11 liability may be used as a credit against the taxpayer's income
12 tax liability in subsequent years until exhausted. Every claim,
13 including amended claims, for a tax credit under this section
14 shall be filed on or before the end of the twelfth month
15 following the close of the taxable year for which the credit may
16 be claimed. Failure to comply with the foregoing provision
17 shall constitute a waiver of the right to claim the credit.

18 (e) If any credit is claimed under this section, then no
19 taxpayer shall claim a credit under any chapter for the same
20 qualified costs for which a credit is claimed under this
21 section.



1 (f) The director of taxation shall prepare any forms that
2 may be necessary to claim a credit under this section. The
3 director may also require the taxpayer to furnish information to
4 ascertain the validity of the claims for credits made under this
5 section and may adopt rules necessary to effectuate the purposes
6 of this section pursuant to chapter 91.

7 (g) As used in this section:

8 "Photovoltaic system" means any device or system that
9 produces free electrons when exposed to light, generating
10 electricity.

11 "Qualified costs" means the cost of purchasing and
12 installing a photovoltaic system.

13 "Qualified home owner" means an individual who can claim an
14 exemption from real property taxes under chapter 246 for the
15 property upon which the photovoltaic system is installed."

16 SECTION 3. New statutory material is underscored.

17 SECTION 4. This Act shall take effect on July 1, 2006

INTRODUCED BY:

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SB 2126

Report Title:

Taxation; Photovoltaic Systems

Description:

Allows qualified homeowners to claim a tax credit for the installation and purchase of photovoltaic systems.

SB SMO 06-039

