EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE GOVERNOR

June 7, 2007

The Honorable Colleen Hanabusa, President and Members of the Senate Twenty-Fourth State Legislature State Capitol, Room 409 Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on June 7, 2007, the following bill was signed into law:

SB1222 SD3 HD2 CD1

A BILL FOR AN ACT RELATING TO INCOME TAXATION.
(ACT 151)

Sincerely,

LINDA LINGLE

ACT 1 5 1
S.B. NO. S.D. 3
H.D. 2
G.D. 1

A BILL FOR AN ACT

RELATING TO INCOME TAXATION.

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 subsection (a) to read as follows:			
3	"(a) When the requirements of subsection (c) are met, each			
4	individual or corporate [resident] taxpayer that files an			
5	individual or corporate net income tax return for a taxable year			
6	may claim a tax credit under this section against the Hawaii			
7	state individual or corporate net income tax. The tax credit			
8	may be claimed for every eligible renewable energy technology			
9	system that is installed and placed in service in the State by a			
10	taxpayer during the taxable year. This credit shall be			
11	available for systems installed and placed in service in the			
12	State after June 30, 2003. The tax credit may be claimed as			
13	follows:			
14	(1) Solar thermal energy systems for:			
15	(A) Single-family residential property: thirty-five			
16	per cent of the actual cost or \$2,250, whichever			
17	is less;			

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1		(B)	Multi-family residential property: thirty-five
2			per cent of the actual cost or \$350 per unit,
3			whichever is less; and
4		(C)	Commercial property: thirty-five per cent of the
5			actual cost or \$250,000, whichever is less;
6	(2)	Wind	-powered energy systems for:
7		(A)	Single-family residential property: twenty per
8			cent of the actual cost or \$1,500, whichever is
9			less;
10		(B)	Multi-family residential property: twenty per
11			cent of the actual cost or \$200 per unit,
12			whichever is less; and
13		(C)	Commercial property: twenty per cent of the
14			actual cost or \$500,000, whichever is less; and
15	(3)	Phot	ovoltaic energy systems for:
16		(A)	Single-family residential property: thirty-five
17			per cent of the actual cost or \$5,000, whichever
18			is less;
19		(B)	Multi-family residential property: thirty-five
20			per cent of the actual cost or \$350 per unit,
21			whichever is less; and

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1	(C) Commercial property: thirty-five per cent of the
2	actual cost or \$500,000, whichever is less;
3	provided that multiple owners of a single system shall be
4	entitled to a single tax credit; and provided further that the
5	tax credit shall be apportioned between the owners in proportion
6	to their contribution to the cost of the system.
7	In the case of a partnership, S corporation, estate, or
8	trust, the tax credit allowable is for every eligible renewable
9	energy technology system that is installed and placed in service
10	in the State by the entity. The cost upon which the tax credit
11	is computed shall be determined at the entity level.
12	Distribution and share of credit shall be determined pursuant to
13	section 235-110.7(a)."
14	SECTION 2. Section 235-129, Hawaii Revised Statutes, is
15	amended to read as follows:
16	"§235-129 Tax credits. (a) For purposes of section
17	235-55, each resident shareholder shall be considered to have
18	paid a tax imposed on the shareholder in an amount equal to the
19	shareholder's pro rata share of any net income tax paid by the S
20	corporation to a state [which] that does not measure the income
21	of S corporation shareholders by the income of the S

corporation. For purposes of the preceding sentence, the term

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- 1 "net income tax" means any tax imposed on or measured by a
- 2 corporation's net income.
- 3 (b) Each shareholder of an S corporation shall be allowed
- 4 a credit against the tax imposed by section 235-51 in an amount
- 5 equal to the shareholder's pro rata share of the tax [credits
- 6 described in sections 209E 10, 235 12, 235 71(c), 235 55.91,
- 7 235-110.6, 235-110.7, and 235-110.8. With the exception of the
- 8 credit allowed by section 235-12, nonresident shareholders shall
- 9 be allowed the credits allowed to resident shareholders which
- 10 are earned by the S corporation in this State. The credit
- 11 allowed by section 235 12 shall be allowed to nonresident
- 12 shareholders to the extent the credit is carned by virtue of
- 13 property purchased and placed in service in this State.] credit
- 14 earned by the S corporation in this State."
- 15 SECTION 3. Statutory material to be repealed is bracketed
- 16 and stricken. New statutory material is underscored.
- 17 SECTION 4. This Act shall take effect upon its approval
- 18 and shall apply to taxable years beginning after December 31,
- **19** 2006.

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GOVERNOR OF THE STATE OF HAWAII

Approved this day: JUN 7 2007