A BILL FOR AN ACT

RELATING TO INCOME TAXATION.

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

SECTION 1. Section 235-12.5, Hawaii Revised Statutes, is
 amended by amending subsection (a) to read as follows:
 "(a) When the requirements of subsection (c) are met, each

individual or corporate [resident] taxpayer that files an 4 5 individual or corporate net income tax return for a taxable year may claim a tax credit under this section against the Hawaii 6 state individual or corporate net income tax. The tax credit 7 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 follows: 13

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(1) Solar thermal energy systems for:

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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 235-
17	55, each [resident] shareholder shall be considered to have paid
18	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
22	corporation. For purposes of the preceding sentence, the term
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"net income tax" means any tax imposed on or measured by a
 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 described in sections 209E-10, [235-12,] 235-12.5, 235-71(c), 6 235-55.91, 235-110.6, 235-110.7, and 235-110.8. With the 7 8 exception of the credit allowed by section [235-12,] 235-12.5, [nonresident] shareholders shall be allowed the credits [allowed 9 10 to resident shareholders which] that are earned by the S 11 corporation in this State. The credit allowed by section [235-12 12, 235-12.5, shall be allowed to [nonresident] shareholders to 13 the extent the credit is earned by virtue of property purchased 14 and placed in service in this State."

15 SECTION 3. Statutory material to be repealed is bracketed 16 and stricken. New statutory material is underscored.

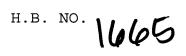
SECTION 4. This Act, upon its approval, shall apply totaxable years beginning after December 31, 2006.

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J. Vt. launte INTRODUCED BY:

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Report Title: Renewable Energy Technology; Income Tax Credit

Description:

Establish that all energy technology systems must be installed and placed in service in the State of Hawaii to obtain energy tax credit.

