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# A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY TECHNOLOGIES.

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

1           SECTION 1. Section 235-12.5, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§235-12.5 Renewable energy technologies; income tax**  
4 **credit.** (a) When the requirements of subsection (c) are met,  
5 each individual or corporate resident taxpayer that files an  
6 individual or corporate net income tax return for a taxable year  
7 may claim a tax credit under this section against the Hawaii  
8 state individual or corporate net income tax. The tax credit  
9 may be claimed for every eligible renewable energy technology  
10 system that is installed and placed in service by a taxpayer  
11 during the taxable year. This credit shall be available for  
12 systems installed and placed in service after June 30, 2003.

13 The tax credit may be claimed as 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;



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) Photovoltaic 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



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 by the entity. The cost upon which the tax credit is computed  
11 shall be determined at the entity level. Distribution and share  
12 of credit shall be determined pursuant to section 235-110.7(a).

13           (b) For the purposes of this section:

14           "Actual cost" means costs related to the renewable energy  
15 technology systems under subsection (a), including accessories  
16 and installation, but not including the cost of consumer  
17 incentive premiums unrelated to the operation of the system or  
18 offered with the sale of the system and costs for which another  
19 credit is claimed under this chapter.

20           "Renewable energy technology system" means a new system  
21 that captures and converts a renewable source of energy, such as



1 wind, heat (solar thermal), or light (photovoltaic) from the sun  
2 into:

- 3 (1) A usable source of thermal or mechanical energy;
- 4 (2) Electricity; or
- 5 (3) Fuel.

6 "Solar or wind energy system" means any identifiable  
7 facility, equipment, apparatus, or the like that converts  
8 insolation or wind energy to useful thermal or electrical energy  
9 for heating, cooling, or reducing the use of other types of  
10 energy that are dependent upon fossil fuel for their generation.

11 (c) For taxable years beginning after December 31, 2005,  
12 the dollar amount of any utility rebate shall be deducted from  
13 the cost of the qualifying system and its installation before  
14 applying the state tax credit.

15 (d) The director of taxation shall prepare any forms that  
16 may be necessary to claim a tax credit under this section,  
17 including forms identifying the technology type of each tax  
18 credit claimed under this section, whether for solar thermal,  
19 photovoltaic from the sun, or wind. The director may also  
20 require the taxpayer to furnish reasonable information to  
21 ascertain the validity of the claim for credit made under this



1 section and may adopt rules necessary to effectuate the purposes  
2 of this section pursuant to chapter 91.

3 (e) ~~[If]~~ Except as provided in subsection (f), if the tax  
4 credit under this section exceeds the taxpayer's income tax  
5 liability, the excess of the credit over liability may be used  
6 as a credit against the taxpayer's income tax liability in  
7 subsequent years until exhausted. All claims for the tax credit  
8 under this section, including amended claims, shall be filed on  
9 or before the end of the twelfth month following the close of  
10 the taxable year for which the credit may be claimed. Failure  
11 to comply with this subsection shall constitute a waiver of the  
12 right to claim the credit.

13 (f) If the individual resident taxpayer is sixty years old  
14 or older and the tax credit claimed by the taxpayer under this  
15 section exceeds the amount of the income tax payments due from  
16 the taxpayer, the excess of credit over the payments due shall  
17 be refunded to the taxpayer; provided that the tax credit  
18 properly claimed by a taxpayer who has no income tax liability  
19 shall be paid to the taxpayer; and provided further that no  
20 refunds or payments on account of the tax credit allowed by this  
21 section shall be made for amounts less than \$1.



1           ~~(f)~~ (g) By or before December, 2005, to the extent  
 2 feasible, using existing resources to assist the energy-  
 3 efficiency policy review and evaluation, the department shall  
 4 assist with data collection on the following:

5           (1) The number of renewable energy technology systems that  
 6           have qualified for a tax credit during the past year  
 7           by:

8           (A) Technology type (solar thermal, photovoltaic from  
 9           the sun, and wind); and

10           (B) Taxpayer type (corporate and individual); and

11           (2) The total cost of the tax credit to the State during  
 12           the past year by:

13           (A) Technology type; and

14           (B) Taxpayer type."

15           SECTION 2. Statutory material to be repealed is bracketed  
 16 and stricken. New statutory material is underscored.

17           SECTION 3. 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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INTRODUCED BY:

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**Report Title:**

Renewable energy technologies; income tax credit; refund

**Description:**

Entitles taxpayers over the age of 60 to a refund of any tax credit amount over income tax liability, provided it is at least \$1.

