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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 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 taxpayer that files an individual  
6 or corporate net income tax return for a taxable year may claim  
7 a tax credit under this section against the Hawaii state  
8 individual or corporate net income tax. The tax credit may be  
9 claimed for every eligible renewable energy technology system  
10 that is installed and placed in service in the [State] state by  
11 a taxpayer during the taxable year. This credit shall be  
12 available for systems installed and placed in service in the  
13 [State] state after June 30, 2003. The tax credit may be  
14 claimed as follows:

15           (1) Solar thermal energy systems for:

16                   (A) Single-family residential property: thirty-five  
17                           per cent of the actual cost or \$2,250, whichever  
18                           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~~] Solar electric 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 in the [~~State~~] state by the entity. The cost upon which the tax  
11 credit 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           (b) For the purposes of this section:

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

21           "Renewable energy technology system" means a new system  
22 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 electric energy systems" include solar thermal  
7 electric and photovoltaic systems.

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

13 "Solar thermal energy systems" include solar water heating,  
14 solar air conditioning, solar space heating, solar drying, and  
15 solar process heat systems.

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

20 (d) The director of taxation shall prepare any forms that  
21 may be necessary to claim a tax credit under this section,  
22 including forms identifying the technology type of each tax



1 credit claimed under this section, whether for solar thermal,  
2 photovoltaic from the sun, or wind. The director may also  
3 require the taxpayer to furnish reasonable information to  
4 ascertain the validity of the claim for credit made under this  
5 section and may adopt rules necessary to effectuate the purposes  
6 of this section pursuant to chapter 91.

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

16 (f) By or before December, 2005, to the extent feasible,  
17 using existing resources to assist the energy-efficiency policy  
18 review and evaluation, the department shall assist with data  
19 collection on the following:

20 (1) The number of renewable energy technology systems that  
21 have qualified for a tax credit during the past year  
22 by:



1 (A) Technology type (solar thermal, solar thermal  
2 electric, photovoltaic from the sun, and wind);  
3 and

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

5 (2) The total cost of the tax credit to the [~~State~~] state  
6 during the past year by:

7 (A) Technology type; and

8 (B) Taxpayer type.

9 (g) A taxpayer who installs and places in service an  
10 eligible renewable energy technology system in the state for  
11 which a tax credit under this section may be claimed may  
12 transfer the tax credit in exchange for a cash payment equal to  
13 the present value of the tax credit."

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

16 SECTION 3. This Act shall take effect on January 1, 2020  
17 and shall apply to taxable years beginning after December 31,  
18 2007.



**Report Title:**

Renewable Energy Technologies; Solar Electric Energy

**Description:**

Expands the renewable energy technologies tax credit to include solar electric energy systems. (HB2005 HD1)

