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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 taxpayer that files an individual  
6 or corporate net income tax return for a taxable year may claim  
7 a refundable or non-refundable tax credit under this section  
8 against the Hawaii state individual or corporate net income  
9 tax[~~—The tax~~] credit. Unless otherwise stated, the credit is  
10 non-refundable. All versions of the credit may be claimed for  
11 every eligible renewable energy technology system that is  
12 installed and placed in service in the State by a taxpayer  
13 during the taxable year. This credit shall be available for  
14 systems installed and placed in service in the State after  
15 June 30, 2003. The tax credit may be claimed as follows:  
16 [~~(1) Solar thermal energy systems for:~~



- 1           ~~(A) Single family residential property: thirty five~~  
2           ~~per cent of the actual cost or \$2,250, whichever~~  
3           ~~is less;~~
- 4           ~~(B) Multi family residential property: thirty five~~  
5           ~~per cent of the actual cost or \$350 per unit,~~  
6           ~~whichever is less; and~~
- 7           ~~(C) Commercial property: thirty five per cent of the~~  
8           ~~actual cost or \$250,000, whichever is less;]~~
- 9       ~~(2) Wind powered energy systems for:~~
- 10           ~~(A) Single family residential property: twenty per~~  
11           ~~cent of the actual cost or \$1,500, whichever is~~  
12           ~~less;~~
- 13           ~~(B) Multi family residential property: twenty per~~  
14           ~~cent of the actual cost or \$200 per unit,~~  
15           ~~whichever is less; and~~
- 16           ~~(C) Commercial property: twenty per cent of the~~  
17           ~~actual cost or \$500,000, whichever is less; and~~
- 18       ~~(3) Photovoltaic energy systems for:~~
- 19           ~~(A) Single family residential property: thirty five~~  
20           ~~per cent of the actual cost or \$5,000, whichever~~  
21           ~~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 \$500,000, whichever is less;~~  
6           ~~provided that multiple owners of a single system shall be~~  
7           ~~entitled to a single tax credit; and provided further that the~~  
8           ~~tax credit shall be apportioned between the owners in proportion~~  
9           ~~to their contribution to the cost of the system.~~

10           ~~In the case of a partnership, S corporation, estate, or~~  
11           ~~trust, the tax credit allowable is for every eligible renewable~~  
12           ~~energy technology system that is installed and placed in service~~  
13           ~~in the State by the entity. The cost upon which the tax credit~~  
14           ~~is computed shall be determined at the entity level.~~  
15           ~~Distribution and share of credit shall be determined pursuant to~~  
16           ~~section 235-110.7(a).]~~

17           (1) For each solar energy system:

18           (A) The non-refundable credit is thirty-five per cent  
19           of the actual cost or the cap amount determined  
20           in subsection (b), whichever is less; and



1           (B) The refundable credit is twenty-five per cent of  
2           the actual cost or the cap amount determined in  
3           subsection (b), whichever is less; and

4           (2) For each wind-powered energy system, the credit is  
5           twenty per cent of the actual cost or the cap amount  
6           determined in subsection (b), whichever is less.

7           (b) The amount of credit allowed for each eligible  
8           renewable energy technology system shall not exceed the  
9           applicable cap amount, which is determined as follows:

10          (1) If the primary purpose of the solar energy system is  
11          to use energy from the sun to heat water for household  
12          use, the cap amounts shall be:

13          (A) \$2,250 per system for single-family residential  
14          property;

15          (B) \$350 per unit per system for multi-family  
16          residential property; and

17          (C) \$250,000 per system for commercial property.

18          (2) For all other solar energy systems, the cap amounts  
19          shall be:

20          (A) \$5,000 per system for single-family residential  
21          property;



- 1            (B) \$350 per unit per system for multi-family
- 2            residential property; and
- 3            (C) \$500,000 per system for commercial property.
- 4        (3) For all wind-power energy systems, the cap amounts
- 5            shall be:
- 6            (A) \$1,500 per system for single-family residential
- 7            property;
- 8            (B) \$200 per unit per system for multi-family
- 9            residential property; and
- 10          (C) \$500,000 per system for commercial property.

11        [~~b~~] (c) For the purposes of this section:

12            "Actual cost" means costs related to the renewable energy

13        technology systems under subsection (a), including accessories

14        and installation, but not including the cost of consumer

15        incentive premiums unrelated to the operation of the system or

16        offered with the sale of the system and costs for which another

17        credit is claimed under this chapter.

18            "Household use" means any use that heated water is commonly

19        put to in a residential setting, including commercial

20        application of those uses, and excludes technologies that heat

21        water for the purpose of making electricity.



1 "Renewable energy technology system" means a new system  
2 that captures and converts a renewable source of energy, such as  
3 wind, [~~heat (solar thermal), or light (photovoltaic)~~] or energy  
4 from the sun into:

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

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

14 [~~(c)~~] (d) For taxable years beginning after December 31,  
15 2005, the dollar amount of any utility rebate shall be deducted  
16 from the cost of the qualifying system and its installation  
17 before applying the state tax credit.

18 [~~(d)~~] (e) The director of taxation shall prepare any forms  
19 that may be necessary to claim a tax credit under this section,  
20 including forms identifying the technology type of each tax  
21 credit claimed under this section, whether for solar thermal,  
22 photovoltaic from the sun, or wind. The director may also



1 require the taxpayer to furnish reasonable information to  
2 ascertain the validity of the claim for credit made under this  
3 section and may adopt rules necessary to effectuate the purposes  
4 of this section pursuant to chapter 91.

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

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

- 18       (1) The number of renewable energy technology systems that  
19           have qualified for a tax credit during the past year  
20           by:
- 21           (A) Technology type (~~[[solar thermal, photovoltaic~~  
22               ~~from the sun,]~~ sun and wind); and



- 1           (B) Taxpayer type (corporate and individual); and  
2           (2) The total cost of the tax credit to the State during  
3           the past year by:  
4           (A) Technology type; and  
5           (B) Taxpayer type."

6           SECTION 2. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8           SECTION 3. This Act shall take effect on July 1, 2050.





**Report Title:**

Renewable Energy Technologies; Tax Credits

**Description:**

Amends the renewable energy technologies tax credit to authorize refundable and non-refundable credits for solar energy systems; clarifies remaining renewable energy technologies tax credits.  
(SD2)

