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# A BILL FOR AN ACT

RELATING TO THE ENVIRONMENT.

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

1           SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§235-       Green technology facility tax credit.    (a)

5       There shall be allowed to each taxpayer subject to the taxes  
6 imposed by this chapter, a green technology facility tax credit  
7 that shall be deductible from the taxpayer's net income tax  
8 liability, if any, imposed by this chapter for the taxable year  
9 in which the credit is properly claimed. The amount of the tax  
10 credit claimed under this section shall be equal to        per cent  
11 of the qualified costs incurred by the taxpayer in acquiring a  
12 green technology facility. To qualify for the tax credit, the  
13 green technology facility shall be located in Hawaii and shall  
14 have been operational for at least one year prior to claiming  
15 the tax credit.

16           In the case of a partnership, S corporation, estate, trust,  
17 or association of apartment owners, the tax credit allowable is  
18 for qualified costs incurred by the entity. The cost upon which



1 the tax credit is computed shall be determined at the entity  
2 level. Distribution and share of credit shall be determined  
3 pursuant to section 235-110.7(a).

4 If a deduction is or was taken under section 179 (with  
5 respect to election to expense depreciable business assets) of  
6 the Internal Revenue Code, no tax credit shall be allowed for  
7 that portion of the qualified costs for which the deduction is  
8 taken.

9 The basis of eligible property for depreciation or  
10 accelerated cost recovery system purposes for state income taxes  
11 shall be reduced by the amount of credit allowable and claimed.  
12 In the alternative, the taxpayer shall treat the amount of the  
13 credit allowable and claimed as a taxable income item for the  
14 taxable year in which it is properly recognized under the method  
15 of accounting used to compute taxable income.

16 (b) If the tax credit under this section exceeds the  
17 taxpayer's net income tax liability, the excess of credit over  
18 liability may be used as a credit against the taxpayer's net  
19 income tax liability in subsequent years until exhausted.

20 All claims, including amended claims, for a tax credit  
21 under this section shall be filed on or before the end of the  
22 twenty-fourth month following the close of the taxable year for



1 which the credit may be claimed. Failure to comply with the  
2 foregoing provision shall constitute a waiver of the right to  
3 claim the credit.

4 (c) The director of taxation:

5 (1) Shall prepare any forms that may be necessary to claim  
6 a credit under this section;

7 (2) May require the taxpayer to furnish information to  
8 determine the validity of the claim for credit made  
9 under this section; and

10 (3) May adopt rules necessary to effectuate the purposes  
11 of this section pursuant to chapter 91.

12 (d) The tax credit allowed under this section shall be  
13 available for taxable years beginning after December 31, 2006.

14 (e) To be eligible for the tax credit, the taxpayer shall  
15 be in compliance with all applicable federal, state, and county  
16 statutes, rules, and regulations.

17 (f) As used in this section:

18 "Qualified costs" means costs of:

19 (1) Planning, land acquisition, designing, equipping, and  
20 constructing a green technology facility or converting  
21 an existing facility into a green technology facility;

22 or



1        (2) Purchasing or leasing an existing green technology  
2        facility.

3        "Green technology facility" means a facility that:

4        (1) Reduces solid waste streams;

5        (2) Reduces emissions of carbon dioxide, carbon monoxide,  
6        nitrogen oxides, methane, mercury, or sodium  
7        hexafluoride gases; or

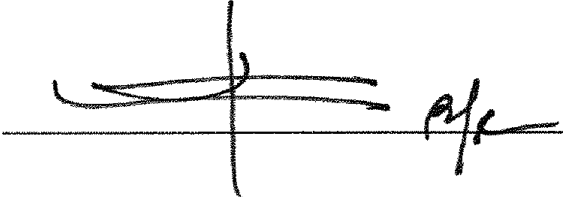
8        (3) Produces or provides energy for energy consumption  
9        that does not involve the use of crude oil, refined  
10       oil, petroleum, gasoline, natural gas, or other fossil  
11       fuels;

12       provided that the department shall develop specific standards  
13       and criteria to determine whether a facility qualifies as a  
14       "green technology facility".

15       "Net income tax liability" means income tax liability  
16       reduced by all other credits allowed under this chapter."

17       SECTION 2. New statutory material is underscored.

18       SECTION 3. This Act shall take effect upon its approval.

19  
INTRODUCED BY: 

**Report Title:**

Green Facility Tax Credit

**Description:**

Establishes a tax credit for the acquisition of environmentally-friendly green technology facilities.

