
A BILL FOR AN ACT

RELATING TO ENERGY.

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 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 by a
11 taxpayer during the taxable year. This credit shall be
12 available for systems installed and placed in service in the
13 State after June 30, 2003. The tax credit may be claimed as
14 follows:

15 (1) Solar thermal energy systems for:



- 1 (A) Single-family residential property: [~~thirty-~~
2 ~~five~~] forty per cent of the actual cost or
3 \$2,250, whichever is less;
- 4 (B) Multi-family residential property: [~~thirty-five~~]
5 forty per cent of the actual cost or [~~\$350~~] \$500
6 per unit, whichever is less; and
- 7 (C) Commercial property: [~~thirty-five~~] forty per
8 cent of the actual cost or [~~\$250,000,~~] \$300,000,
9 whichever is less;
- 10 (2) Wind-powered energy systems for:
- 11 (A) Single-family residential property: [~~twenty~~]
12 twenty-five per cent of the actual cost or
13 [~~\$1,500,~~] \$2,000, whichever is less;
- 14 (B) Multi-family residential property: [~~twenty~~]
15 twenty-five per cent of the actual cost or [~~\$200~~]
16 \$250 per unit, whichever is less; and
- 17 (C) Commercial property: [~~twenty~~] twenty-five per
18 cent of the actual cost or \$500,000, whichever is
19 less; [~~and~~]
- 20 (3) Photovoltaic energy systems for:



- 1 (A) Single-family residential property: [~~thirty~~
2 ~~five~~] forty per cent of the actual cost or
3 [~~\$5,000,~~] \$7,500, whichever is less;
- 4 (B) Multi-family residential property: [~~thirty five~~
5 forty per cent of the actual cost or [~~\$350~~] \$400
6 per unit, whichever is less; [~~and~~]
- 7 (C) Commercial property: [~~thirty five~~] forty per
8 cent of the actual cost or [~~\$500,000,~~] \$750,000,
9 whichever is less; and

10 (4) Wave energy systems for commercial property: forty per
11 cent of the actual cost or \$750,000, whichever is
12 less;

13 provided that multiple owners of a single system shall be
14 entitled to a single tax credit; and provided further that the
15 tax credit shall be apportioned between the owners in proportion
16 to their contribution to the cost of the system.

17 In the case of a partnership, S corporation, estate, or
18 trust, the tax credit allowable is for every eligible renewable
19 energy technology system that is installed and placed in service
20 in the State by the entity. The cost upon which the tax credit
21 is computed shall be determined at the entity level.



1 Distribution and share of credit shall be determined pursuant to
2 section 235-110.7(a).

3 (b) For the purposes of this section:

4 "Actual cost" means costs related to the renewable energy
5 technology systems under subsection (a), including accessories
6 and installation, but not including the cost of consumer
7 incentive premiums unrelated to the operation of the system or
8 offered with the sale of the system and costs for which another
9 credit is claimed under this chapter.

10 "Renewable energy technology system" means a new system
11 that captures and converts a renewable source of energy, such as
12 wind, heat (solar thermal), [~~e~~] light (photovoltaic) from the
13 sun, or wave action from the ocean, into:

- 14 (1) A usable source of thermal or mechanical energy;
15 (2) Electricity; or
16 (3) Fuel.

17 "Solar or wind energy system" means any identifiable
18 facility, equipment, apparatus, or the like that converts
19 insolation or wind energy to useful thermal or electrical energy
20 for heating, cooling, or reducing the use of other types of
21 energy that are dependent upon fossil fuel for their generation.



1 "Wave energy system" means any identifiable facility,
2 equipment, apparatus, or the like that converts ocean wave
3 motion to useful electrical energy or reduces the use of other
4 types of energy that are dependent upon fossil fuel for their
5 generation.

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

10 (d) The director of taxation shall prepare any forms that
11 may be necessary to claim a tax credit under this section,
12 including forms identifying the technology type of each tax
13 credit claimed under this section, whether for solar thermal,
14 photovoltaic from the sun, or wind. The director may also
15 require the taxpayer to furnish reasonable information to
16 ascertain the validity of the claim for credit made under this
17 section and may adopt rules necessary to effectuate the purposes
18 of this section pursuant to chapter 91.

19 (e) If the tax credit under this section exceeds the
20 taxpayer's income tax liability, the excess of the credit over
21 liability may be used as a credit against the taxpayer's income
22 tax liability in subsequent years until exhausted. All claims



1 for the tax credit under this section, including amended claims,
2 shall be filed on or before the end of the twelfth month
3 following the close of the taxable year for which the credit may
4 be claimed. Failure to comply with this subsection shall
5 constitute a waiver of the right to claim the credit.

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

10 (1) The number of renewable energy technology systems that
11 have qualified for a tax credit during the past year
12 by:

13 (A) Technology type (solar thermal, photovoltaic from
14 the sun, wave energy, and wind); and

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

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

18 (A) Technology type; and

19 (B) Taxpayer type."

20 SECTION 2. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 3. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2007.



Report Title:

Renewable energy

Description:

Increases incentives for renewable energy. (SD1)

