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# A BILL FOR AN ACT

RELATING TO TAXATION.

**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 [~~(e)~~] (d) are  
5 met, each individual or corporate 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 in the [State]  
11 state by a taxpayer during the taxable year. [~~This credit shall~~  
12 ~~be 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:~~

16 ~~(A) Single-family residential property for which a~~  
17 ~~building permit was issued prior to January 1,~~



- 1                   ~~2010: thirty-five per cent of the actual cost or~~
- 2                   ~~\$2,250, whichever is less;~~
- 3           ~~(B) Multi-family residential property: thirty-five~~
- 4                   ~~per cent of the actual cost or \$350 per unit,~~
- 5                   ~~whichever is less; and~~
- 6           ~~(C) Commercial property: thirty-five per cent of the~~
- 7                   ~~actual cost or \$250,000, whichever is less;~~
- 8   ~~(2) Wind-powered energy systems for:~~
- 9           ~~(A) Single-family residential property: twenty per~~
- 10                   ~~cent of the actual cost or \$1,500, whichever is~~
- 11                   ~~less;~~
- 12           ~~(B) Multi-family residential property: twenty per~~
- 13                   ~~cent of the actual cost or \$200 per unit,~~
- 14                   ~~whichever is less; and~~
- 15           ~~(C) Commercial property: twenty per cent of the~~
- 16                   ~~actual cost or \$500,000, whichever is less; and~~
- 17   ~~(3) Photovoltaic energy systems for:~~
- 18           ~~(A) Single-family residential property: thirty-five~~
- 19                   ~~per cent of the actual cost or \$5,000, whichever~~
- 20                   ~~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           (1) For each solar energy system: thirty-five per cent of  
7           the actual cost or the cap amount determined in  
8           subsection (b), whichever is less; or

9           (2) For each wind-powered energy system: twenty per cent  
10           of the actual cost or the cap amount determined in  
11           subsection (b), whichever is less;

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

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

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



- 1        (b) The amount of credit allowed for each eligible  
2 renewable energy technology system shall not exceed the  
3 applicable cap amount, which is determined as follows:
- 4        (1) If the primary purpose of the solar energy system is  
5 to use energy from the sun to heat water for household  
6 use, then the cap amounts shall be:
- 7            (A) \$2,250 per system for single-family residential  
8            property;
- 9            (B) \$350 per unit per system for multi-family  
10           residential property; and
- 11           (C) \$250,000 per system for commercial property;
- 12        (2) For all other solar energy systems, the cap amounts  
13 shall be:
- 14           (A) \$5,000 per system for single-family residential  
15           property;
- 16           (B) \$350 per unit per system for multi-family  
17           residential property; and
- 18           (C) \$500,000 per system for commercial property;  
19           and
- 20        (3) For all wind-powered energy systems, the cap amounts  
21 shall be:



1           (A) \$1,500 per system for single-family residential  
2           property;

3           (B) \$200 per unit per system for multi-family  
4           residential property; and

5           (C) \$500,000 per system for commercial property.

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

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

13          "Household use" means any use to which heated water is  
14          commonly put in a residential setting, including commercial  
15          application of those uses.

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

20           (1) A usable source of thermal or mechanical energy;

21           (2) Electricity; or

22           (3) Fuel.



1 "Solar or wind energy system" means any identifiable  
2 facility, equipment, apparatus, or the like that converts  
3 [~~insolation~~] solar or wind energy to useful thermal or  
4 electrical energy for heating, cooling, or reducing the use of  
5 other types of energy that are dependent upon fossil fuel for  
6 their generation.

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

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

20 [~~(f)~~] (f) If the tax credit under this section exceeds the  
21 taxpayer's income tax liability, the excess of the credit over  
22 liability may be used as a credit against the taxpayer's income



1 tax liability in subsequent years until exhausted~~[ ]~~, unless  
2 otherwise elected by the taxpayer pursuant to subsection (g) or  
3 (h). All claims for the tax credit under this section,  
4 including amended claims, shall be filed on or before the end of  
5 the twelfth month following the close of the taxable year for  
6 which the credit may be claimed. Failure to comply with this  
7 subsection shall constitute a waiver of the right to claim the  
8 credit.

9 ~~[(f) By or before December, 2005, to the extent feasible,~~  
10 ~~using existing resources to assist the energy efficiency policy~~  
11 ~~review and evaluation, the department shall assist with data~~  
12 ~~collection on the following:~~

13 ~~(1) The number of renewable energy technology systems that~~  
14 ~~have qualified for a tax credit during the past year~~  
15 ~~by:~~

16 ~~(A) Technology type (solar thermal, photovoltaic from~~  
17 ~~the sun, and wind); and~~

18 ~~(B) Taxpayer type (corporate and individual); and~~

19 ~~(2) The total cost of the tax credit to the State during~~  
20 ~~the past year by:~~

21 ~~(A) Technology type; and~~

22 ~~(B) Taxpayer type.~~



1 ~~(g) For systems installed and placed in service in 2009,~~  
2 ~~no residential home developer shall be entitled to claim the~~  
3 ~~credit under subsections (a) (1) (A), (a) (2) (A), and (a) (3) (A). A~~  
4 ~~residential home developer is defined as a person who holds more~~  
5 ~~than one residential dwelling for sale as inventory.]~~

6 (g) For solar energy systems, a taxpayer may elect to  
7 reduce the eligible credit amount by thirty per cent and if this  
8 reduced amount exceeds the amount of income tax payment due from  
9 the taxpayer, the excess of the credit amount over payments due  
10 shall be refunded to the taxpayer; provided that tax credit  
11 amounts properly claimed by a taxpayer who has no income tax  
12 liability shall be paid to the taxpayer; and provided further  
13 that no refund on account of the tax credit allowed by this  
14 section shall be made for amounts less than \$1.

15 The election required by this subsection shall be made in a  
16 manner prescribed by the director on the taxpayer's return for  
17 the taxable year in which the system is installed and placed in  
18 service. A separate election may be made for each separate  
19 system that generates a credit. An election once made is  
20 irrevocable.

21 (h) Notwithstanding subsection (g), for any renewable  
22 energy technology system, an individual taxpayer may elect to





1 have any excess of the credit over payments due refunded to the  
2 taxpayer, if:

3 (1) All of the taxpayer's income is exempt from taxation  
4 under section 235-7(a)(2) or (3); or

5 (2) The taxpayer's adjusted gross income is \$20,000 or  
6 less (or \$40,000 or less if filing a tax return as  
7 married filing jointly);

8 provided that tax credits properly claimed by a taxpayer who has  
9 no income tax liability shall be paid to the taxpayer; and  
10 provided further that no refund on account of the tax credit  
11 allowed by this section shall be made for amounts less than \$1.

12 A husband and wife who do not file a joint tax return shall  
13 only be entitled to make this election to the extent that they  
14 would have been entitled to make the election had they filed a  
15 joint tax return.

16 The election required by this subsection shall be made in a  
17 manner prescribed by the director on the taxpayer's return for  
18 the taxable year in which the system is installed and placed in  
19 service. A separate election may be made for each separate  
20 system that generates a credit. An election once made is  
21 irrevocable.



1        (i) No taxpayer shall be allowed a credit under this  
2 section for the portion of the renewable energy technology  
3 system required by section 196-6.5 that is installed and placed  
4 in service on any newly constructed single-family residential  
5 property authorized by a building permit issued on or after  
6 January 1, 2010.

7        (j) To the extent feasible, using existing resources to  
8 assist the energy-efficiency policy review and evaluation, the  
9 department shall assist with data collection on the following  
10 for each taxable year:

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

14        (A) Technology type; and

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

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

18        (A) Technology type; and

19        (B) Taxpayer type.

20        (k) This section shall apply to eligible renewable energy  
21 technology systems that are installed and placed in service on  
22 or after July 1, 2009."



1           , SECTION 2. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3           SECTION 3. This Act shall take effect on July 1, 2020, and  
4 shall apply to taxable years beginning after December 31, 2090.



**Report Title:**

Renewable Energy Technologies Income Tax Credit

**Description:**

Amends the renewable energy technologies income tax credit to encourage use of solar and wind energy systems and to permit a portion of the excess of the credit over payments due to be refunded to the taxpayer in certain circumstances. Effective 07/01/2020. (SB464 HD2)

