
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that state policy
2 continues to move towards the development and increased use of
3 clean renewable energy sources as a means to reduce dependence
4 on foreign fossil fuels and to keep money from leaving the state
5 economy.

6 The legislature further finds that despite the presence of
7 federal and state tax credits and a state rebate program, one of
8 the greatest obstacles for homeowners to use renewable energy,
9 such as solar water heaters or photovoltaic panels, remains the
10 high purchase price of these devices. Additional incentives are
11 required in order for Hawaii's citizens to make more use of the
12 natural advantage of solar energy.

13 The purpose of this Act is to provide a tax incentive to
14 installers of solar energy devices to provide an incentive for
15 expedient installation and sales of devices and to provide a
16 price break to homeowner or other purchasers of solar energy
17 devices to encourage more widespread use of these devices.



1 SECTION 2. 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-A Solar energy system installation; credit. (a)

5 There shall be allowed to each taxpayer subject to the
6 taxes imposed by this chapter, an income tax credit which shall
7 be deductible from the taxpayer's net income tax liability, if
8 any, imposed by this chapter for the taxable year in which the
9 credit is properly claimed. The amount of the credit shall be
10 five per cent of the cost of a solar energy system, excluding
11 installation costs.

12 (b) In the case of a partnership, S corporation, estate,
13 or trust, distribution and share of credit shall be determined
14 by rule.

15 (c) If the tax credit under this section exceeds the
16 taxpayer's income tax liability, the excess of credits over
17 liability shall be refunded to the taxpayer; provided that no
18 refunds or payment on account of the tax credits allowed by this
19 section shall be made for amounts less than \$1. All claims,
20 including any amended claims, for tax credits under this section
21 shall be filed on or before the end of the twelfth month
22 following the close of the taxable year for which the credit may



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

3 (d) To qualify for the credit, a taxpayer shall:

4 (1) Meet the definition of "solar energy device installer"
5 as provided for in subsection (e);

6 (2) Pass along the amount of the credit in the form of
7 savings on the purchase price of a solar energy device
8 purchased from the solar energy device installer; and

9 (3) Install the device for which the credit is claimed.

10 (e) For purposes of this section, "solar energy device
11 installer" means a person or entity subject to taxation under
12 chapter 237 who is also recognized by a public utility as a
13 contractor that installs solar energy devices.

14 (f) Credits may be claimed for the installation of
15 multiple devices, provided that the total tax credits claimed by
16 any individual taxpayer under this section shall not exceed
17 \$50,000. Credits may also be claimed in conjunction with any
18 other credits available to a solar energy device installer under
19 law.

20 (g) The director of taxation shall prepare forms as may be
21 necessary to claim a credit under this section. The director
22 may also require the taxpayer to furnish information to



1 ascertain the validity of the claim for credit made under this
2 section and may adopt rules necessary to effectuate the purposes
3 of this section pursuant to chapter 91."

4 SECTION 3. New statutory material is underscored.

5 SECTION 4. This Act shall take effect on July 1, 2010.

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INTRODUCED BY:

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JAN 20 2010



Report Title:

Tax credit; solar energy system installers

Description:

Provides a tax credit for solar energy system installers.

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