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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 [~~(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                   For each solar energy system: thirty-five per cent of  
9                   the actual cost or the cap amount determined in  
10                   subsection (b), whichever is less; or

11                   (2) ~~[Wind powered energy systems for:~~

12                   ~~(A) Single family residential property: twenty per~~  
13                   ~~cent of the actual cost or \$1,500, whichever is~~  
14                   ~~less;~~

15                   ~~(B) Multi family residential property: twenty per~~  
16                   ~~cent of the actual cost or \$200 per unit,~~  
17                   ~~whichever is less; and~~

18                   ~~(C) Commercial property: twenty per cent of the~~  
19                   ~~actual cost or \$500,000, whichever is less; and~~

20                   ~~(3) Photovoltaic energy systems for:~~



1           ~~(A) Single family residential property: thirty five~~  
2           ~~per cent of the actual cost or \$5,000, 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 \$500,000, whichever is less;]~~

9           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 by the entity. The cost upon which the tax credit  
20 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, 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; and

19        (3) For all wind-powered energy systems, the cap amounts  
20 shall be:

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



- 1           (B) \$200 per unit per system for multi-family  
2           residential property; and  
3           (C) \$500,000 per system for commercial property.

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

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

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

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

- 18       (1) A usable source of thermal or mechanical energy;  
19       (2) Electricity; or  
20       (3) Fuel.

21       "Solar or wind energy system" means any identifiable  
22 facility, equipment, apparatus, or the like that converts



1 ~~[insolation]~~ solar or wind energy to useful thermal or  
2 electrical energy for heating, cooling, or reducing the use of  
3 other types of energy that are dependent upon fossil fuel for  
4 their generation.

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

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

18 ~~[(e)]~~ (f) If the tax credit under this section exceeds the  
19 taxpayer's income tax liability, the excess of the credit over  
20 liability may be used as a credit against the taxpayer's income  
21 tax liability in subsequent years until exhausted~~[-]~~, unless  
22 otherwise elected by the taxpayer pursuant to subsection (h) or



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

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

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

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

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

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

19 (A) Technology type; and

20 (B) Taxpayer type.

21 (h) For solar energy systems whose primary purpose is to  
22 use energy from the sun to heat water for household use, a



1 taxpayer may elect to reduce the eligible credit amount by  
2 thirty per cent and if this reduced tax credit exceeds the  
3 amount of income tax payments due from the taxpayer, the excess  
4 of the credit over payments due shall be refunded to the  
5 taxpayer; provided that tax credits properly claimed by a  
6 taxpayer who has no income tax liability shall be paid to the  
7 taxpayer; and provided further that no refund on account of the  
8 tax credit allowed by this section shall be made for amounts  
9 less than \$1.

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

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





1        (i) For any renewable energy technology system, an  
2 individual taxpayer may elect to have any excess of the credit  
3 over payments due refunded to the taxpayer, if:

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

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

9 provided that tax credits properly claimed by a taxpayer who has  
10 no income tax liability shall be paid to the taxpayer; and  
11 provided further that no refund on account of the tax credit  
12 allowed by this section shall be made for amounts less than \$1.  
13 A husband and wife who do not file a joint tax return shall only  
14 be entitled to make this election to the extent that they would  
15 have been entitled to make the election had they filed a joint  
16 tax return.

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



1        (j) No taxpayer shall be allowed a credit under this  
2 section for a solar water heater system required by section 196-  
3 6.5 that is installed and placed in service by any newly  
4 constructed residence authorized by a building permit issued on  
5 or after January 1, 2010.

6        (k) This section shall apply to eligible renewable energy  
7 technology systems that are installed and placed in service on  
8 or after January 1, 2010."

9        SECTION 2. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11        SECTION 3. This Act shall take effect upon its approval  
12 and shall apply to taxable years beginning after December 31,  
13 2009.



**Report Title:**

Renewable energy technologies; income tax credit; refund

**Description:**

Providing options for a refundable Renewable Energy Technology Systems Tax Credit for qualified taxpayers. (HB1446 HD1)

