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## A BILL FOR AN ACT

RELATING TO HAWAII'S CLEAN ENERGY INITIATIVE - ENERGY  
EFFICIENCY.

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

1 PART I

2 SECTION 1. Attaining independence from our detrimental  
3 reliance on fossil fuels has been a long-standing objective for  
4 the State.

5 Hawaii is the most petroleum dependent State for its energy  
6 needs. It pays the highest electricity prices in the United  
7 States, and its gasoline costs are among the highest in the  
8 country. Fuel surcharges that pass the increases in fuel costs  
9 to consumers have significantly increased the cost of over 80  
10 percent of the goods and services sold in Hawaii. Household  
11 fuels and utilities costs rose 36.4 percent, from the previous  
12 year, as reflected in the Honolulu Consumer Price Index during  
13 the second quarter of 2008. Hawaii's energy costs approach 11  
14 percent of its Gross Domestic Product (GDP), whereas in most  
15 states energy costs are 4 percent of GDP. Between 2005 and  
16 2008, state government consumption of electricity increased 3.9  
17 percent, but expenditures increased 56.8 percent.



1 Reducing our oil dependence and the consequent price  
2 volatility and attaining a measure of energy security is  
3 critical. More than 96 percent of petroleum in Hawaii now comes  
4 from foreign sources. Clean energy from indigenous renewable  
5 resources, has the potential to provide an estimated 150 percent  
6 of current installed electrical capacity.

7 On January 28, 2008, the signing of a Memorandum of  
8 Understanding between the State of Hawaii and the United States  
9 Department of Energy (USDOE) launched the Hawaii Clean Energy  
10 Initiative (HCEI). This initiative and long-term partnership  
11 between Hawaii and USDOE is aimed at accelerating the use and  
12 development of energy efficiency and renewable energy  
13 technologies; allowing Hawaii to serve as a model and  
14 demonstration for the United States and other island  
15 communities; and develop a national partnership to accelerate  
16 system transformation, whereby the following goals are attained:

- 17 (1) Achieve a 70 percent clean energy economy for Hawaii  
18 within a generation.
- 19 (2) Increase Hawaii's energy security.
- 20 (3) Capture economic benefits of clean energy for all levels  
21 of society.
- 22 (4) Contribute to greenhouse gas reduction.



1 (5) Foster and demonstrate innovation.

2 (6) Build the workforce of the future.

3 (7) Serve as a national model.

4 The purpose of this Act is to provide a first step in  
5 aligning Hawaii's energy policy laws with the State's energy  
6 goals. For Hawaii to realize energy independence and economic  
7 stability, the transformation of its energy system must  
8 encompass changes to:

9 (1) Hawaii's policy or regulatory framework;

10 (2) System-level technology development and integration;

11 (3) Financing or capital investment; and

12 (4) Institutional system planning.

13 Energy efficiency can contribute significantly towards the  
14 goal of utilizing clean energy in meeting 70 percent of Hawaii's  
15 energy demand by 2030. The Hawaii Clean Energy Initiative set  
16 goals for energy efficiency that were developed by the USDOE;  
17 the department of business, economic development, and tourism;  
18 and members of Hawaii's clean energy initiative working groups  
19 during 2008. This effort presents a range of measures—some  
20 proven elsewhere, some innovative—to reach aggressive energy  
21 goals while balancing the interests of various stakeholders.

22 PART II



ENERGY EFFICIENCY

SECTION 2. The Hawaii Revised Statutes is amended by adding a new section to be appropriately designated and to read as follows:

**"SA-A Energy efficiency portfolio standard.** The State shall set an energy efficiency portfolio standard with the goal of off-setting forecasted load growth in the electricity sector from 2009 to 2030.

The statewide target shall be 4300 gigawatt-hours of electricity savings by 2030. The interim targets, and any island by island targets, shall be set by the public utilities commission.

The public utilities commission shall identify the parties who are responsible for each element of the standard and set incentives and penalties based on performance by each entity.

Renewable substitution, including but not limited to solar water heating and sea water air conditioning, shall count toward this standard.

The administrator of the public benefits fund, whether the utility or a third party, will be responsible for reaching this level of energy efficiency by instituting efficiency programs across all end use sectors. The administrator will submit



1 annual reports to the public utilities commission by March 1 of  
2 each year, beginning March 1, 2010, reporting energy efficiency  
3 savings achieved during the previous calendar year. The public  
4 utilities commission shall monitor and evaluate progress against  
5 this standard.

6 Penalties for not meeting the standard shall be established  
7 by the public utilities commission."

8 SECTION 3. The Hawaii Revised Statutes is amended by  
9 adding a new section to be appropriately designated and to read  
10 as follows:

11 **"§A-A Energy efficiency studies and planning.** The public  
12 benefits fee administrator shall appropriate \$500,000 from the  
13 public utilities commission special fund to conduct energy  
14 efficiency assessments to identify current energy use patterns  
15 in this State and areas of greatest potential for energy  
16 efficiency savings. The assessments shall include end use  
17 research regarding Hawaii's homes, businesses, and other utility  
18 customers. The energy potential assessments shall identify and  
19 recommend energy efficiency programs to target.

20 The assessments shall be forwarded to the legislature, the  
21 public utilities commission, the energy resources coordinator,  
22 and the utilities.



1        The assessments shall be completed by December 31, 2010.

2        The public benefits fee administrator will establish  
3 aggressive efficiency plans with the provision that efficiency  
4 will be the first loaded resource in all cases where it is cost  
5 effective. Cost effectiveness shall be defined as all resources  
6 deemed to effectively cover the incremental cost of investment  
7 within 15 years when measured against average electricity rates  
8 for residential, small commercial, large commercial, industrial,  
9 and agricultural customers.

10       To the extent that the building code changes between  
11 efficiency plans, the net impact of the code shall be netted out  
12 of the requirements.

13       Until the full energy efficiency plan is available, the  
14 public utilities commission, department of business, economic  
15 development, and tourism, utilities, and the public benefits fee  
16 administrator shall work with stakeholders to identify a small  
17 set of cost-effective energy efficiency measures that will have  
18 high energy-saving impact and can be implemented in significant  
19 volumes with high penetration goals, so the State can begin  
20 realizing energy savings immediately."



1 SECTION 4. The Hawaii Revised Statutes is amended by  
2 adding a new section to be appropriately designated and to read  
3 as follows:

4 **"§A-A Building codes.** (a) The public benefits fee  
5 administrator shall appropriate \$600,000 from the public  
6 utilities commission special fund to implement the following  
7 responsibilities:

8 (1) The public benefits fee administrator shall set  
9 up procedures for and conduct measurement and  
10 verification of buildings and homes constructed  
11 under the code to assess code compliance and  
12 building performance. The results will help  
13 inform necessary changes to the code and code  
14 training delivery in subsequent amendments.

15 (2) The public benefits fee administrator shall  
16 conduct an analysis of the energy intensity of  
17 residential and commercial buildings built to  
18 code compared to baseline homes.

19 (3) The public benefits fee administrator shall  
20 conduct surveys of builders to determine actual  
21 costs associated with meeting code for  
22 residential and commercial buildings.



1        (b) Results of these analyses and surveys shall be  
2 delivered to the legislature twenty days prior the convening of  
3 each legislative session. Each report shall include  
4 recommendations for building code updates, which can be provided  
5 to the state building code council as petitions for rules  
6 changes.

7        (c) The public benefits fee administrator shall assess the  
8 feasibility of implementing a net zero energy building code for  
9 residential and commercial construction.

10       (d) The public benefits fee administrator shall recommend  
11 technical code amendments to the international energy  
12 conservation codes in order to take advantage of Hawaii's  
13 climate.

14       (e) Building code analysis shall also consider the costs  
15 and benefits of requiring: advanced meters and energy  
16 "dashboard" technologies that improve the ability of the  
17 occupant to monitor and improve building performance, cool roof  
18 standards; that the roofs of new homes be solar-ready; that all  
19 homes built or rehabilitated in this State have and present an  
20 energy label; and any other measures that can improve the  
21 ability of the homeowner to better understand and manage the  
22 homeowner's energy use.





1           (f) Commercial code compliance shall include on the  
2 building permit application a designated commissioning agent who  
3 has experience related to energy and buildings. In order to be  
4 eligible for an occupancy certificate, the building owner shall  
5 submit to the appropriate agency a building commissioning report  
6 completed by the designated commissioning agent. Builders shall  
7 remedy any deficiencies found in the commissioning report within  
8 60 days of receipt of the report to ensure that the building  
9 operates as designed under code. The counties are authorized to  
10 set and assess fines on any building that does not provide proof  
11 of having remedied the building's deficiencies within 60 days.

12           (g) The public benefits fee administrator shall create  
13 building energy efficiency commissioning guidelines appropriate  
14 for building practices in this State by January 1, 2010."

15           SECTION 5. The Hawaii Revised Statutes is amended by  
16 adding a new section to be appropriately designated and to read  
17 as follows:

18           "SA-A           Building code council; updates.       The State  
19 Building Code Council shall adapt and adopt the latest  
20 International Code Council and International Energy Conservation  
21 Code updates within 6 months of adoption by the International  
22 Code Council; each county shall adapt and adopt the updates



1 within 6 months of the State Building Codes Council adoption or  
2 the State Building Codes Council update shall become county code  
3 if not adopted within 6 months."

4 SECTION 6. The Hawaii Revised Statutes is amended by  
5 adding a new section to be appropriately designated and to read  
6 as follows:

7 "SA-A Public buildings. (a) Each state department with  
8 responsibilities for the design and construction of buildings  
9 and facilities shall benchmark every existing public building  
10 that is either larger than 5000 square feet or uses more than  
11 8000 kilowatt-hour per year by December 31, 2010, and use the  
12 benchmark as a basis in determining the State's investment in  
13 improving the efficiency of its own building stock.  
14 Benchmarking shall be conducted using the ENERGY STAR portfolio  
15 management tool or an equivalent tool, as determined by the  
16 public benefits fee administrator. The public benefits fee  
17 administrator shall provide training to affected departments on  
18 the ENERGY STAR portfolio management tool or an equivalent tool.  
19 (b) Public buildings shall be retro-commissioned not less  
20 than every five years. The public benefits fee administrator  
21 shall create retro-commissioning guidelines by January 1, 2010.



1        (c) Departments may enter into energy savings performance  
2 contracts with a third party to cover the capital costs of  
3 energy efficiency measures and distributed generation as long as  
4 the terms of the energy savings performance contracts conform to  
5 this standard. The comptroller may review and exempt specific  
6 projects as appropriate to take into account cost-effectiveness.

7        (d) Energy savings performance contracts shall be executed  
8 according to state guidelines issued by the comptroller and  
9 reviewed by the comptroller. To expedite energy saving  
10 performance contracting for public buildings, the department of  
11 accounting and general services shall develop a master energy  
12 savings performance contracts agreement that any department may  
13 use to contract with an energy savings performance contracts  
14 provider for energy efficiency and renewable energy services.

15        (e) Existing public buildings that undergo a major  
16 retrofit or renovation shall make investments in efficiency,  
17 provided that the cost of the measures shall be recouped within  
18 twenty years."

19        SECTION 7. The Hawaii Revised Statutes is amended by  
20 adding a new section to be appropriately designated and to read  
21 as follows:



1           **"§A-A On-bill financing for energy efficiency and**  
2 **renewable energy.**   (a) By December 31, 2009, the public  
3 utilities commission shall institute a rule governing the on-  
4 bill financing program, to be administered by the public  
5 benefits fee administrator, and shall adopt rules pursuant to  
6 chapter 91 to effect the program's goals of changing out  
7 inefficient refrigerators, installing solar water heaters, and  
8 installing photovoltaic systems."

9           SECTION 8. The Hawaii Revised Statutes is amended by  
10 adding a new section to be appropriately designated and to read  
11 as follows:

12           **"§A-A Consumer Information.**   The public benefits fee  
13 administrator shall develop programs and information to educate  
14 financial institutions, realtors, mortgage brokers, and  
15 consumers on the economics of energy efficient properties,  
16 including savings over the life-cycle of such properties."

17           SECTION 9. Chapter 235, Hawaii Revised Statutes is amended  
18 by adding a new section to be appropriately designated and to  
19 read as follows:

20           **"§235-A Tax credit for a net zero energy building.**   (a)  
21 There shall be allowed to each taxpayer who owns a net zero  
22 energy building fixed to real property located in the state an



1 income tax credit which shall be deductible from the taxpayer's  
2 net income tax liability, if any, imposed by this chapter only  
3 for the first taxable year in which the building meets the  
4 definition of net zero energy building.

5 (b) The amount of the credit shall be:

6 (1) For a building that is up to 1000 square feet,  
7 the tax credit shall be \$9.00 per square foot;

8 (2) For a building that is more than 1000 square feet  
9 but less than 4,000 square feet, the tax credit  
10 shall be \$6.00 per square foot;

11 (3) For a building that is more than 4,000 square  
12 feet, the tax credit shall be \$3.00 per square  
13 foot for a maximum credit of \$50,000.

14 (c) In the case of a partnership, S corporation, estate,  
15 or trust, the tax credit allowable is for every net zero energy  
16 building owned by the entity. Distribution and share of the  
17 credit shall be determined pursuant to section 235-110.7(a).

18 In the case of a building owned by more than one person,  
19 the tax credit shall be determined as if owned by one person,  
20 and then apportioned among the various owners in proportion to  
21 their ownership interest in the building.

22 (d) For purposes of this section:



1       "Net zero energy building" means any building that produces  
2 more electricity from renewable energy technology systems than  
3 it consumes from all sources on a monthly basis during any 9  
4 months of the tax year.

5       "Renewable energy technology system" means a system that  
6 captures and converts a renewable source of energy into  
7 electricity.

8       (e) The director of taxation shall prepare any forms that  
9 may be necessary to claim a tax credit under this section. The  
10 director of taxation may require the taxpayer to furnish  
11 reasonable information to ascertain the validity of the claim  
12 for credit made under this section and may adopt rules necessary  
13 to effectuate the purposes of this section pursuant to chapter  
14 91.

15       (f) If the tax credit under this section exceeds the  
16 taxpayer's income tax liability, the excess of the credit over  
17 liability may be used as a credit against the taxpayer's income  
18 tax liability in subsequent years until exhausted. All claims  
19 for the tax credit under this section, including amended claims,  
20 shall be filed on or before the end of the twelfth month  
21 following the close of the taxable year for which the credit may



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

3 (g) This section shall apply to taxable years beginning  
4 after December 31, 2009, and shall not apply to taxable years  
5 beginning after December 31, 2019.

6 (h) Taxpayers claiming tax credits for renewable energy  
7 systems under this section are not eligible for tax credits  
8 under section 235-12.5.

9 (i) If, during any taxable year, a net zero energy  
10 building ceases to be a net zero energy building and is owned by  
11 the taxpayer who claimed the tax credit, then the tax credit  
12 shall be recaptured. To recapture, the taxpayer must add to  
13 taxable income for the taxable year in which the building ceases  
14 to be a net zero energy building, the amount of the recapture  
15 percentage of the credits allowed and claimed under this  
16 section. The recapture percentage shall be determined in  
17 accordance with the following:

18 (A) If the property ceases to be a net zero energy  
19 building within the time specified, then the  
20 recapture percentage is:

21 (1) One full year after the taxable year in  
22 which the credit is claimed: 100 percent.



1                   (2) One full year after the close of the period  
2                   described in clause (A): 80 percent.

3                   (3) One full year after the close of the period  
4                   described in clause (B): 60 percent.

5                   (4) One full year after the close of the period  
6                   described in clause (C): 40 percent.

7                   (5) One full year after the close of the period  
8                   described in clause (D): 20 percent.

9           (j) If a deduction is taken under section 179 of the  
10 Internal Revenue Code, no tax credit shall be allowed for that  
11 portion of the cost for which the deduction is taken.

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

19           SECTION 10. Section 196-6.5, Hawaii Revised Statutes, is  
20 amended to read as follows:

21           "~~+~~\$196-6.5~~+~~ **Solar water heater system required for new**  
22 **single-family residential construction.** (a) On or after





1 January 1, 2010, [~~no building permit shall be issued for~~] a new  
2 single-family dwelling [~~that does not~~] shall include a solar  
3 water heater system that meets the standards established  
4 pursuant to section 269-44, unless the [~~energy resources~~  
5 ~~coordinator~~] public benefits fee administrator approves a  
6 variance. A variance shall only be approved if an architect or  
7 engineer licensed under chapter 464 attests that:

- 8 (1) Installation is impracticable due to poor solar  
9 resource;
- 10 (2) Installation is cost-prohibitive based upon a life  
11 cycle cost-benefit analysis that incorporates the  
12 average residential utility bill and the cost of the  
13 new solar water heater system with a life cycle that  
14 does not exceed fifteen years;
- 15 (3) A substitute renewable energy technology system, as  
16 defined in section 235-12.5, is used as the primary  
17 energy source for heating water; or
- 18 (4) A demand water heater device approved by Underwriters  
19 Laboratories, Inc., is installed; provided that at  
20 least one other gas appliance is installed in the  
21 dwelling. For the purposes of this paragraph, "demand



1 water heater" means a gas-tankless instantaneous water  
2 heater that provides hot water only as it is needed.

3 (b) A request for a variance shall be submitted to the  
4 ~~[energy resources coordinator]~~ public benefits fee administrator  
5 on an application prescribed by the ~~[energy resources~~  
6 ~~coordinator]~~ public benefits fee administrator and shall  
7 include, but not be limited to, a description of the location of  
8 the property and justification for the approval of a variance  
9 using the criteria established in subsection (a). A variance  
10 shall be deemed approved if not denied within thirty working  
11 days after receipt of the variance application.

12 (c) Nothing in this section shall preclude any county from  
13 establishing procedures and standards required to implement this  
14 section.

15 (d) Nothing in this section shall preclude participation  
16 in any utility demand-side management program or public benefits  
17 fund under part VII of chapter 269."

18 PART III

19 RENEWABLE ENERGY INCOME TAX CREDITS

20 SECTION 11. Section 235-12.5, Hawaii Revised Statutes, is  
21 amended to read as follows:



1           "§235-12.5 Renewable energy technologies; income tax

2 **credit.** (a) When the requirements of subsection [~~(e)~~] (d) are  
3 met, each individual or corporate taxpayer that files an  
4 individual or corporate net income tax return for a taxable year  
5 may claim a tax credit under this section against the Hawaii  
6 state individual or corporate net income tax. The tax credit  
7 may be claimed for every eligible renewable energy technology  
8 system that is installed and placed in service in the State by a  
9 taxpayer during the taxable year. [~~This credit shall be~~  
10 ~~available for systems installed and placed in service in the~~  
11 ~~State after June 30, 2003.~~] The tax credit may be claimed as  
12 follows:

13           (1) [~~Solar thermal energy systems for:~~

14           ~~(A) Single-family residential property for which a~~  
15           ~~building permit was issued prior to January 1,~~  
16           ~~2010: thirty-five per cent of the actual cost or~~  
17           ~~\$2,250, whichever is less;~~

18           ~~(B) Multi-family residential property: thirty-five~~  
19           ~~per cent of the actual cost or \$350 per unit,~~  
20           ~~whichever is less; and~~

21           ~~(C) Commercial property: thirty-five per cent of the~~  
22           ~~actual cost or \$250,000, whichever is less;]~~



1           For each solar energy system: Thirty-five percent of  
2           the actual cost or the cap amount determined in  
3           subsection (b), whichever is less; or

4           (2) ~~[Wind-powered energy systems for:~~

5           ~~(A) Single-family residential property: twenty per~~  
6           ~~cent of the actual cost or \$1,500, whichever is~~  
7           ~~less;~~

8           ~~(B) Multi-family residential property: twenty per~~  
9           ~~cent of the actual cost or \$200 per unit, which~~  
10           ~~is less; and~~

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

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

14           ~~(A) Single-family residential property: thirty-five~~  
15           ~~per cent of the actual cost or \$5,000, whichever~~  
16           ~~is less;~~

17           ~~(B) Multi-family residential property: thirty-five~~  
18           ~~per cent of the actual cost or \$350 per unit,~~  
19           ~~whichever is less; and~~

20           ~~(C) Commercial property: thirty-five per cent of the~~  
21           ~~actual cost or \$500,000, whichever is less;]~~



1           For each wind-powered energy system: Twenty percent  
2           of the actual cost or the cap amount determined in  
3           subsection (b), whichever is less;  
4 provided that multiple owners of a single system shall be  
5 entitled to a single tax credit; and provided further that the  
6 tax credit shall be apportioned between the owners in proportion  
7 to their contribution to the cost of the system.

8           In the case of a partnership, S corporation, estate, or  
9 trust, the tax credit allowable is for every eligible renewable  
10 energy technology system that is installed and placed in service  
11 in the State by the entity. The cost upon which the tax credit is  
12 computed shall be determined at the entity level. Distribution  
13 and share of credit shall be determined pursuant to section 235-  
14 110.7(a).

15           (b) The amount of credit allowed for each eligible  
16 renewable energy technology system shall not exceed the  
17 applicable cap amount, which is determined as follows:

18           (1) If the primary purpose of the solar energy system  
19           is to use energy from the sun to heat water for  
20           household use, then the cap amounts shall be:  
21           (A) \$2,250 per system for single-family  
22           residential property;



- 1                    (B) \$350 per unit per system for multi-family
- 2                    residential property; and
- 3                    (C) \$250,000 per system for commercial property.

4            (2) For all other solar energy systems, the cap  
5            amounts shall be:

- 6                    (A) \$5,000 per system for single-family
- 7                    residential property;
- 8                    (B) \$350 per unit per system for multi-family
- 9                    residential property; and
- 10                   (C) \$500,000 per system for commercial property.

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

- 13                   (A) \$1,500 per system for single-family
- 14                   residential property;
- 15                   (B) \$200 per unit per system for multi-family
- 16                   residential property; and
- 17                   (C) \$500,000 per system for commercial property.

18           ~~(b)~~ (c) For the purposes of this section:

19           "Actual cost" means costs related to the renewable energy  
20           technology systems under subsection (a), including accessories  
21           and installation, but not including the cost of consumer  
22           incentive premiums unrelated to the operation of the system or



1 offered with the sale of the system and costs for which another  
2 credit is claimed under this chapter.

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

6 "Renewable energy technology system" means a system that  
7 captures and converts a renewable source of energy, such as  
8 [~~wind, heat (solar thermal), or light (photovoltaic) from the~~  
9 ~~sun~~] solar or wind energy, into:

- 10 (1) A usable source of thermal or mechanical energy;  
11 (2) Electricity; or  
12 (3) Fuel.

13 "Solar or wind energy system" means any identifiable  
14 facility, equipment, apparatus, or the like that converts  
15 [~~insolation~~] solar or wind energy to useful thermal or  
16 electrical energy for heating, cooling, or reducing the use of  
17 other types of energy that are dependent upon fossil fuel for  
18 their generation.

19 [(e)] (d) For taxable years beginning after December 31,  
20 2005, the dollar amount of any utility rebate shall be deducted  
21 from the cost of the qualifying system and its installation  
22 before applying the state tax credit.



1           ~~(d)~~ (e) The director of taxation shall prepare any forms  
2 that may be necessary to claim a tax credit under this section,  
3 including forms identifying the technology type of each tax  
4 credit claimed under this section, whether for ~~[solar thermal,~~  
5 ~~photovoltaic from the sun,~~] solar or wind. The director may  
6 also require the taxpayer to furnish reasonable information to  
7 ascertain the validity of the claim for credit made under this  
8 section and may adopt rules necessary to effectuate the purposes  
9 of this section pursuant to chapter 91.

10           ~~(e)~~ (f) If the tax credit under this section exceeds the  
11 taxpayer's income tax liability, the excess of the credit over  
12 liability may be used as a credit against the taxpayer's income  
13 tax liability in subsequent years until exhausted~~[-]~~, unless  
14 otherwise elected by the taxpayer pursuant to subsection (g) or  
15 (h). All claims for the tax credit under this section,  
16 including amended claims, shall be filed on or before the end of  
17 the twelfth month following the close of the taxable year for  
18 which the credit may be claimed. Failure to comply with this  
19 subsection shall constitute a waiver of the right to claim the  
20 credit.

21           ~~(f)~~ (g) ~~[By or before December, 2005, to the extent~~  
22 ~~feasible, using existing resources to assist the energy-~~





1 ~~efficiency policy review and evaluation, the department shall~~  
2 ~~assist with data collection on the following:~~

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

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

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

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

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

12 ~~(B) Taxpayer type.]~~

13 For solar energy systems, a taxpayer may elect to reduce  
14 the eligible credit amount by thirty percent and if this reduced  
15 tax credit exceeds the amount of income tax payment due from the  
16 taxpayer, the excess of the credit over payments due shall be  
17 refunded to the taxpayer; provided that tax credits properly  
18 claimed by a taxpayer who has no income tax liability shall be  
19 paid to the taxpayer; and provided further that no refund on  
20 account of the tax credit allowed by this section shall be made  
21 for amounts less than \$1.



1       The election required by this subsection shall be made in a  
2 manner prescribed by the director on the taxpayer's return for  
3 the taxable year in which the system is installed and placed in  
4 service. A separate election may be made for each separate  
5 system that generates a credit. An election once made is  
6 irrevocable.

7       ~~[(g)] (h) [For systems installed and placed in service in~~  
8 ~~2009, no residential home developer shall be entitled to claim~~  
9 ~~the credit under subsections (a) (1) (A), (a) (2) (A), and~~  
10 ~~(a) (3) (A). A residential home developer is defined as a person~~  
11 ~~who holds more than one residential dwelling for sale as~~  
12 ~~inventory.]~~

13       For any renewable energy technology system, an individual  
14 taxpayer may elect to have any excess of the credit over  
15 payments due refunded to the taxpayer, if:

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

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

21 provided that tax credits properly claimed by a taxpayer who has  
22 no income tax liability shall be paid to the taxpayer; and



1 provided further that no refund on account of the tax credit  
2 allowed by this section shall be made for amounts less than \$1.  
3 A husband and wife who do not file a joint tax return shall only  
4 be entitled to make this election to the extent that they would  
5 have been entitled to make the election had they filed a joint  
6 tax return.

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

13 (i) No taxpayer shall be allowed a credit under this  
14 section for a solar water heater system required by section 196-  
15 6.5 that is installed and placed in service on any newly  
16 constructed residence authorized by a building permit issued on  
17 or after January 1, 2010.

18 (j) This Section shall apply to eligible renewable energy  
19 technology systems that are installed and placed in service on  
20 or after January 1, 2010."

21 SECTION 12. This Act shall take effect upon its approval.

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INTRODUCED BY:

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JAN 23 2009



**Report Title:**

Hawaii Clean Energy Initiative (HCEI) - Energy Efficiency

**Description:**

Establishes energy efficiency initiatives necessary for and contributing to the transition of Hawaii's energy sector to 70% non-petroleum energy sources by 2030.

