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## A BILL FOR AN ACT

RELATING TO TAX INCENTIVES FOR RENEWABLE 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:

16 (A) Single-family residential property [~~for which a~~  
17 ~~building permit was issued prior to January 1,~~  
18 ~~2010: thirty five]~~ : fifty per cent of the



1 actual cost or [~~\$2,250~~] \$3,000, whichever is  
2 less;

3 (B) Multi-family residential property: [~~thirty-five~~]  
4 fifty per cent of the actual cost or [~~\$350~~] \$500  
5 per unit, whichever is less; and

6 (C) Commercial property: [~~thirty-five~~] fifty per  
7 cent of the actual cost or [~~\$250,000~~] \$300,000,  
8 whichever is less;

9 (2) Wind-powered energy systems for:

10 (A) Single-family residential property: [~~twenty~~]  
11 thirty-five per cent of the actual cost or  
12 [~~\$1,500~~] \$2,500, whichever is less;

13 (B) Multi-family residential property: [~~twenty~~]  
14 thirty-five per cent of the actual cost or [~~\$200~~]  
15 \$350 per unit, whichever is less; and

16 (C) Commercial property: [~~twenty~~] thirty per cent of  
17 the actual cost or [~~\$500,000~~] \$750,000, whichever  
18 is less; [~~and~~]

19 (3) Photovoltaic energy systems for:

20 (A) Single-family residential property: [~~thirty-~~  
21 ~~five~~] fifty per cent of the actual cost or  
22 [~~\$5,000~~] \$6,000, whichever is less;



1 (B) Multi-family residential property: [~~thirty-five~~  
 2 fifty per cent of the actual cost or [~~\$350~~] \$500  
 3 per unit, whichever is less; and

4 (C) Commercial property: [~~thirty-five~~] fifty per  
 5 cent of the actual cost or [~~\$500,000~~] \$750,000,  
 6 whichever is less; and

7 (4)Wave energy system for:

8 (A) Commercial property: fifty per cent of the actual  
 9 cost or \$750,000, whichever is less;

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

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

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

21 (b) For the purposes of this section:



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

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

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

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

19 "Wave energy system" means any identifiable facility,  
20 equipment, apparatus, or the like that converts ocean wave  
21 motion to useful electrical energy or reduces the use of other



1 types of energy that are dependent upon fossil fuel for their  
2 generation.

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

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

16 (e) If the tax credit under this section exceeds the  
17 taxpayer's income tax liability, the excess of the credit over  
18 liability may be used as a credit against the taxpayer's income  
19 tax liability in subsequent years until exhausted. All claims  
20 for the tax credit under this section, including amended claims,  
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 this subsection shall  
2 constitute a waiver of the right to claim the credit.

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

7 (1) The number of renewable energy technology systems that  
8 have qualified for a tax credit during the past year  
9 by:

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

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

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

15 (A) Technology type; and

16 (B) Taxpayer type.

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




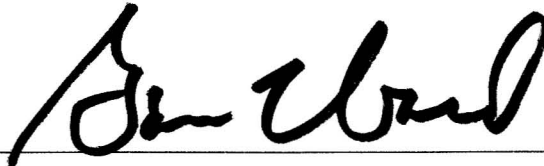
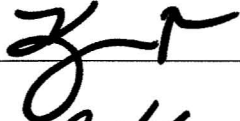
1 SECTION 2. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect upon its approval  
4 and shall apply to taxable years beginning after December 31,  
5 2008.

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INTRODUCED BY:

  
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JAN 23 2009



**Report Title:**

Energy

**Description:**

Increases incentives for renewable energy; repeals prohibition on taking solar tax credit for developers.

