

JAN 23 2009

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# A BILL FOR AN ACT

RELATING TO ENERGY.

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

1           SECTION 1. The legislature finds that solar water heater  
2 systems and photovoltaic energy systems provide a clean,  
3 efficient source of energy for residences. Because of Hawaii's  
4 dependence on imported fossil fuels, the State is particularly  
5 vulnerable to the risks of energy shortages. However, Hawaii  
6 also benefits from an abundance of solar power potential, and  
7 the use of solar energy should be aggressively encouraged and  
8 pursued.

9           SECTION 2. Section 196-6.5, Hawaii Revised Statutes, is  
10 amended by amending its title and subsection (a) to read as  
11 follows:

12           "~~[+]~~\$196-6.5~~[+]~~ **Solar water heater system required for new**  
13 **[single-family] residential construction.** (a) On or after  
14 January 1, 2010, no building permit shall be issued for a  
15 single-family dwelling, townhouse, or condominium that does not  
16 include a solar water heater system that meets the standards  
17 established pursuant to section 269-44, unless the energy



1 resources coordinator approves a variance. A variance shall  
2 only be approved if an architect or engineer licensed under  
3 chapter 464 attests that:

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

20 SECTION 3. Section 235-12.5, Hawaii Revised Statutes, is  
21 amended as follows:

22 1. By amending subsection (a) to read:



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

12           (1) Solar thermal energy systems for:

13           (A) Single-family residential property for which a  
14 building permit was issued prior to January 1,  
15 2010: [~~thirty-five~~] fifty per cent of the actual  
16 cost or [~~\$2,250,~~] \$5,000, whichever is less;

17           (B) Multi-family residential property for which a  
18 building permit was issued prior to January 1,  
19 2010: [~~thirty-five~~] fifty per cent of the actual  
20 cost or [~~\$350~~] \$1,000 per unit, whichever is  
21 less; and



- 1 (C) Commercial property: [~~thirty-five~~] fifty per  
2 cent of the actual cost or \$250,000, whichever is  
3 less;
- 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,  
10 whichever 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-~~  
15 ~~five~~] seventy-five per cent of the actual cost or  
16 [~~\$5,000,~~] \$12,500, whichever is less;
- 17 (B) Multi-family residential property: [~~thirty-five~~]  
18 seventy-five per cent of the actual cost or  
19 [~~\$350~~] \$1,000 per unit, whichever is less; and
- 20 (C) Commercial property: [~~thirty-five~~] seventy per  
21 cent of the actual cost or [~~\$500,000,~~]  
22 \$1,000,000, whichever is less;



1 provided that multiple owners of a single system shall be  
2 entitled to a single tax credit; and provided further that the  
3 tax credit shall be apportioned between the owners in proportion  
4 to their contribution to the cost of the system.

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

10 Distribution and share of credit shall be determined pursuant to  
11 section 235-110.7(a)."

12 2. By amending subsection (g) to read:

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

19 SECTION 4. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.

21 SECTION 5. This Act shall take effect on July 1, 2009;  
22 provided that:



S.B. NO. 151

- 1 (1) Section 3 shall apply to taxable years beginning after
- 2 December 31, 2009;
- 3 (2) Section 3 shall be repealed when the energy resources
- 4 coordinator:
- 5 (A) Determines that fifty per cent of the households
- 6 in the State have installed solar thermal energy
- 7 systems and twenty per cent of the households in
- 8 the State have installed photovoltaic energy
- 9 systems, where, for these purposes, each unit of
- 10 a multi-family residential unit shall be counted
- 11 as a household and a commercial property shall be
- 12 counted as a household; and
- 13 (B) The governor:
- 14 (i) Issues a proclamation and publishes a notice
- 15 statewide as provided in section 1-28.5,
- 16 Hawaii Revised Statutes, of the events in
- 17 subparagraph (A); and
- 18 (ii) Notifies the revisor of statutes of the
- 19 occurrence of the conditions requiring the
- 20 repeal of section 3 of this Act.

INTRODUCED BY: Naman Sakamfi

**Report Title:**

Solar Energy

**Description:**

Increases incentives to install solar energy systems.

