

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

8           SECTION 2. Chapter 196, Hawaii Revised Statutes, is  
9 amended by adding a new section to be appropriately designated  
10 and to read as follows:

11           "§196-           Photovoltaic energy systems required for new  
12 residential construction. (a) Beginning January 1, 2011,  
13 photovoltaic energy systems shall be installed in the  
14 construction of every new residential single-family residence,  
15 condominium, and townhouse, except when:

16           (1) Installation is impracticable due to building design  
17           or location of the building; or



1       (2) Installation is cost prohibitive;  
2       as determined by the county building code authority upon a  
3       letter submitted by the homeowner from an architect or engineer  
4       licensed under chapter 464 to the effect that paragraph (1) or  
5       (2) is applicable and the reasons therefor.

6       (b) Installation of photovoltaic energy systems shall be  
7       in accordance with Hawaiian Electric Company's 100-point  
8       installation inspection or a comparable quality assurance  
9       standard.

10       (c) The director of business, economic development, and  
11       tourism shall adopt rules pursuant to chapter 91 necessary for  
12       purposes of this section."

13       SECTION 3. Section 235-12.5, Hawaii Revised Statutes, is  
14       amended by amending subsection (a) to read as follows:

15       "(a) When the requirements of subsection (c) are met, each  
16       individual or corporate taxpayer that files an individual or  
17       corporate net income tax return for a taxable year may claim a  
18       tax credit under this section against the Hawaii state  
19       individual or corporate net income tax. The tax credit may be  
20       claimed for every eligible renewable energy technology system  
21       that is installed and placed in service in the State by a  
22       taxpayer during the taxable year. This credit shall be



1 available for systems installed and placed in service in the  
2 State after June 30, 2003. The tax credit may be claimed as  
3 follows:

4 (1) Solar thermal energy systems for:

5 (A) Single-family residential property for which a  
6 building permit was issued prior to January 1,  
7 2010: thirty-five per cent of the actual cost or  
8 \$2,250, whichever is less;

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

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

14 (2) Wind-powered energy systems for:

15 (A) Single-family residential property: twenty per  
16 cent of the actual cost or \$1,500, whichever is  
17 less;

18 (B) Multi-family residential property: twenty per  
19 cent of the actual cost or \$200 per unit,  
20 whichever is less; and

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



1 (3) Photovoltaic energy systems for:

2 (A) Single-family residential property: [~~thirty-~~  
3 ~~five~~] seventy-five per cent of the actual cost or  
4 [~~\$5,000,~~] \$12,500, whichever is less;

5 (B) Multi-family residential property: [~~thirty-five~~]  
6 seventy-five per cent of the actual cost or  
7 [~~\$350~~] \$1,000 per unit, whichever is less; and

8 (C) Commercial property: [~~thirty-five~~] seventy-five  
9 per cent of the actual cost or [~~\$500,000,~~]  
10 \$1,000,000, whichever is less;

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

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

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



1 SECTION 4. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on July 1, 2009;  
4 provided that section 3 shall apply to taxable years beginning  
5 after December 31, 2009;

6 (1) Section 3 shall apply to taxable years beginning after  
7 December 31, 2009;

8 (2) Section 3 shall be repealed when the energy resources  
9 coordinator:

10 (A) Determines that twenty per cent of the households  
11 in the State have installed photovoltaic energy  
12 systems, where, for these purposes, each unit of  
13 a multi-family residential unit shall be counted  
14 as a household and a commercial property shall be  
15 counted as a household; and

16 (B) The governor:

17 (i) Issues a proclamation and publishes a notice  
18 statewide as provided in section 1-28.5,  
19 Hawaii Revised Statutes, of the events in  
20 subparagraph (A); and



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1                   (ii) Notifies the revisor of statutes of the  
2                                   occurrence of the conditions requiring the  
3                                   repeal of section 3 of this Act.  
4 provided further that section 3 shall be repealed when twenty  
5 per cent of the households in the State have installed  
6 photovoltaic energy systems. For purposes of repeal, each unit  
7 of a multi-family residential unit shall count as a household  
8 and a commercial property shall count as a household.

9

INTRODUCED BY: Norman Sacramento



**Report Title:**

Energy; Photovoltaic Energy Systems; Tax Credit

**Description:**

Increases incentives for installing photovoltaic energy systems.

