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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§235-           Income tax credit for maintenance of solar water  
5 heating systems. (a) A taxpayer that claims a tax credit for a  
6 solar energy system under section 235-12.5, may claim an  
7 additional tax credit under this section for the maintenance of  
8 the solar energy system; provided that the primary purpose of  
9 the solar energy system is to heat water for household use.

10           The tax credit shall be equal to thirty-five per cent of  
11 the maintenance costs of the solar energy system for the taxable  
12 year or the cap amount determined in subsection (b), whichever  
13 is less; provided that multiple owners of a single system shall  
14 be entitled to a single tax credit; and provided further that  
15 the tax credit shall be apportioned between the owners in  
16 proportion to their contribution to the cost of the system.

17           In the case of a partnership, S corporation, estate, or  
18 trust, the tax credit allowable is for every eligible solar



1 energy system that is operated in the State by the entity during  
2 the taxable year. The cost upon which the tax credit is  
3 computed shall be determined at the entity level. Distribution  
4 and share of credit shall be determined pursuant to section 235-  
5 110.7(a).

6 (b) The amount of credit allowed for each eligible solar  
7 energy system shall not exceed the applicable cap amount, that  
8 is determined as follows:

- 9 (1) \$350 per system for single-family residential  
10 property;  
11 (2) \$ \_\_\_\_\_ per unit per system for multi-family  
12 residential property; and  
13 (3) \$ \_\_\_\_\_ per system for commercial property;

14 (c) The director of taxation shall prepare any forms that  
15 may be necessary to claim a tax credit under this section. The  
16 director may also require the taxpayer to furnish reasonable  
17 information to ascertain the validity of the claim for credit  
18 made under this section and may adopt rules necessary to  
19 effectuate the purposes of this section pursuant to chapter 91.

20 (d) If the tax credit under this section exceeds the  
21 taxpayer's income tax liability, the excess of the credit over  
22 liability may be used as a credit against the taxpayer's income



1 tax liability in subsequent years until exhausted, unless  
2 otherwise elected by the taxpayer pursuant to subsection (e) or  
3 (f). All claims for the tax credit under this section,  
4 including amended claims, shall be filed on or before the end of  
5 the twelfth month following the close of the taxable year for  
6 which the credit may be claimed. Failure to comply with this  
7 subsection shall constitute a waiver of the right to claim the  
8 credit.

9 (e) A taxpayer may elect to reduce the eligible credit  
10 amount by thirty per cent and if this reduced amount exceeds the  
11 amount of income tax payment due from the taxpayer, the excess  
12 of the credit amount over payments due shall be refunded to the  
13 taxpayer; provided that tax credit amounts properly claimed by a  
14 taxpayer who has no income tax liability shall be paid to the  
15 taxpayer; and provided further that no refund on account of the  
16 tax credit allowed by this section shall be made for amounts  
17 less than \$1.

18 An election made pursuant to this subsection shall be made  
19 in a manner prescribed by the director on the taxpayer's return  
20 for the taxable year in which the credit under this section is  
21 claimed. A separate election may be made for each separate



1 system that generates a credit. An election once made is  
2 irrevocable.

3 (f) Notwithstanding subsection (e), for any eligible solar  
4 energy system, an individual taxpayer may elect to have any  
5 excess of the credit over payments due refunded to the taxpayer,  
6 if:

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

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

12 provided that tax credits properly claimed by a taxpayer who has  
13 no income tax liability shall be paid to the taxpayer; and  
14 provided further that no refund on account of the tax credit  
15 allowed by this section shall be made for amounts less than \$1.

16 A husband and wife or parties to a civil union who do not  
17 file a joint tax return shall only be entitled to make this  
18 election to the extent that they would have been entitled to  
19 make the election had they filed a joint tax return.

20 An election pursuant to this subsection shall be made in a  
21 manner prescribed by the director on the taxpayer's return for  
22 the taxable year in which the credit under this section is



1 claimed. A separate election may be made for each separate  
 2 system that generates a credit. An election once made is  
 3 irrevocable."

4 SECTION 2. New statutory material is underscored.

5 SECTION 3. This Act, upon its approval, shall apply to  
 6 taxable years beginning after December 31, 2011.  
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INTRODUCED BY:

|                       |                    |
|-----------------------|--------------------|
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# H.B. NO. 2055

**Report Title:**

Maintenance Costs of Solar Water Heaters; Tax Credit

**Description:**

Establishes an income tax credit for the maintenance of solar water heaters.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

