
A BILL FOR AN ACT

RELATING TO 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 as follows:

3 1. By amending subsections (a) to (c) to read:

4 "(a) When the requirements of subsection (d) are met, each
5 individual or corporate taxpayer that files an individual or
6 corporate net income tax return for a taxable year may claim a
7 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. The tax credit may be claimed
12 as follows:

13 (1) For each solar [~~energy~~] electricity generating
14 system[+] that is not a utility scale solar
15 electricity generating system and is placed in
16 service:



1 (A) Prior to the 2013 tax year: thirty-five per cent
2 of the actual cost [~~or the cap amount determined~~
3 ~~in subsection (b), whichever is less~~]; [~~or~~]

4 (B) During the 2013 tax year: thirty per cent of the
5 actual cost;

6 (C) During the 2014 tax year: twenty-five per cent
7 of the actual cost; or

8 (D) During or after the 2015 tax year: twenty per
9 cent of the actual cost;

10 (2) For each utility scale solar electricity generating
11 system installed after the 2012 tax year: 11.5 cents
12 per kilowatt hour generated during the first one
13 hundred twenty months of the system's operation;

14 (3) For each solar energy system that uses energy from the
15 sun to heat water for household use: thirty-five per
16 cent of the actual cost or the cap amount determined
17 in subsection (b), whichever is less; provided that
18 the taxpayer has not claimed the tax credit under
19 paragraph (1) for the same system; or

20 ~~[-(2)-]~~ (4) For each wind-powered energy system: twenty per
21 cent of the actual cost or the cap amount determined
22 in subsection (b), 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 (b) The amount of credit allowed for each eligible
13 renewable energy technology system shall not exceed the
14 applicable cap amount, which is determined as follows:

15 (1) If the primary purpose of the solar energy system is
16 to use energy from the sun to heat water for household
17 use, then the cap amounts shall be:

18 (A) \$2,250 per system for single-family residential
19 property;

20 (B) \$350 per unit per system for multi-family
21 residential property; and

22 (C) \$250,000 per system for commercial property;



1 ~~[(2) For all other solar energy systems, the cap amounts~~
2 ~~shall be:~~

3 ~~(A) \$5,000 per system for single family residential~~
4 ~~property; provided that if all or a portion of~~
5 ~~the system is used to fulfill the substitute~~
6 ~~renewable energy technology requirement pursuant~~
7 ~~to section 196-6.5(a)(3), the credit shall be~~
8 ~~reduced by thirty five per cent of the actual~~
9 ~~system cost or \$2,250, whichever is less;~~

10 ~~(B) \$350 per unit per system for multi family~~
11 ~~residential property; and~~

12 ~~(C) \$500,000 per system for commercial property; and~~

13 ~~(3)]~~ (2) For all wind-powered energy systems, the cap
14 amounts shall be:

15 (A) \$1,500 per system for single-family residential
16 property; provided that if all or a portion of
17 the system is used to fulfill the substitute
18 renewable energy technology requirement pursuant
19 to section 196-6.5(a)(3), the credit shall be
20 reduced by twenty per cent of the actual system
21 cost or \$1,500, whichever is less;



- 1 (B) \$200 per unit per system for multi-family
- 2 residential property; and
- 3 (C) \$500,000 per system for commercial property.

4 (c) For the purposes of this section:

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

11 "Household use" means any use to which heated water is
12 commonly put in a residential setting, including commercial
13 application of those uses.

14 "Renewable energy technology system" means a new system
15 that captures and converts a renewable source of energy, such as
16 solar or wind energy, into:

- 17 (1) A usable source of thermal or mechanical energy;
- 18 (2) Electricity; or
- 19 (3) Fuel.

20 "Solar electricity generating system" means any system that
21 uses the sun's energy to produce electricity either directly as



1 is the case with photovoltaics or indirectly as is the case with
2 concentrating solar power technologies.

3 "Solar or wind energy system" means any identifiable
4 facility, equipment, apparatus, or the like that converts solar
5 or wind energy to useful thermal or electrical energy for
6 heating, cooling, or reducing the use of other types of energy
7 that are dependent upon fossil fuel for their generation.

8 "Utility scale solar electricity generating system" means
9 any solar electricity generating system that is interconnected
10 to an utility grid at sub-transmission or transmission voltage."

11 2. By amending subsection (e) to read:

12 "(e) The director of taxation shall prepare any forms that
13 may be necessary to claim a tax credit under this section,
14 including forms identifying the technology type of each tax
15 credit claimed under this section, whether for solar or wind.

16 The 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 Tax filers claiming the credit for utility scale solar
21 electricity generating systems in any taxable year shall
22 document each system's production for that tax year with a



1 separate notarized letter from an electrical engineer licensed
2 in Hawaii attesting to the number of kilowatt hours produced by
3 the system in that tax year."

4 3. By amending subsection (g) to read:

5 "(g) For solar electricity generating systems and other
6 solar energy systems, a taxpayer may elect to reduce the
7 eligible credit amount by thirty per cent and if this reduced
8 amount exceeds the amount of income tax payment due from the
9 taxpayer, the excess of the credit amount over payments due
10 shall be refunded to the taxpayer; provided that tax credit
11 amounts properly claimed by a taxpayer who has no income tax
12 liability shall be paid to the taxpayer; provided further that
13 the tax credit for solar electricity generating systems shall be
14 fully refundable without the necessity of reducing the eligible
15 credit amount for systems installed during or after the 2016 tax
16 year; and provided further that no refund on account of the tax
17 credit allowed by this section shall be made for amounts less
18 than \$1.

19 The election required by this subsection shall be made in a
20 manner prescribed by the director on the taxpayer's return for
21 the taxable year in which the system is installed and placed in
22 service. A separate election may be made for each separate



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

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

5 SECTION 3. This Act, upon its approval, shall apply to
6 taxable years beginning after December 31, 2012.



Report Title:

Renewable Energy Technology; Tax Credit

Description:

Establishes a tiered tax credit without a cap for non-utility scale and utility scale solar electricity generating systems. Clarifies the amount of the tax credit for solar energy systems that use energy from the sun to heat water for household use. Eliminates the cap amount for the tax credit for alternative energy systems other than solar water heater systems and wind-powered energy systems. Applies to tax years after December 31, 2012. (Proposed SD1)

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