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## A BILL FOR AN ACT

RELATING TO SOLAR TAX CREDITS.

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

1           SECTION 1. The legislature finds that Hawaii public  
2 schools are crippled by high energy costs in the State and the  
3 enormous amount of energy each school requires. The department  
4 of education estimates spending more than forty-three million  
5 dollars in fiscal year 2015, increasing to more than forty-seven  
6 million dollars in fiscal year 2016, and accounting for  
7 approximately three-fourths of the department's budget.

8           Furthermore, the legislature finds that Hawaii has ample  
9 solar energy that would reduce electricity burdens on public  
10 schools as well as aid the State in reaching its renewable  
11 goals. The legislature further finds that businesses and  
12 members of the public have offered to supplement solar energy  
13 systems for schools through donations of solar air conditioning  
14 units or solar energy systems to provide electricity for air  
15 conditioning units and should receive tax credits to do so.

16           The purpose of this Act is to allow a tax credit for  
17 individual and corporate taxpayers that provide either solar-



1 powered air conditioning units or solar energy systems  
2 specifically designed to provide electricity for air  
3 conditioning units for schools.

4 SECTION 2. Section 235-12.5, Hawaii Revised Statutes, is  
5 amended by amending subsections (a) through (c) to read as  
6 follows:

7 "§235-12.5 Renewable energy technologies; income tax

8 credit. (a) When the requirements of subsection (d) are met,  
9 each individual or corporate taxpayer that files an individual  
10 or corporate net income tax return for a taxable year may claim  
11 a tax credit under this section against the Hawaii state  
12 individual or corporate net income tax. The tax credit may be  
13 claimed for every eligible renewable energy technology system  
14 that is installed and placed in service in the State by a  
15 taxpayer during the taxable year. The tax credit may be claimed  
16 as follows:

- 17 (1) For each solar energy system on residential or  
18 commercial property: thirty-five per cent of the  
19 actual cost or the cap amount determined in subsection  
20 (b), whichever is less; or



1        (2) For each solar-powered air conditioning unit or solar  
2        energy system specifically designed to provide  
3        electricity for air conditioning units on public  
4        school property, provided that the only purpose of the  
5        solar energy system is to use energy from the sun to  
6        provide electricity to an air conditioning unit for  
7        use by the public school: forty per cent of the actual  
8        cost or the cap amount determined in subsection (b),  
9        whichever is less; or

10        [~~2~~] (3) For each wind-powered energy system: twenty per  
11        cent of the actual cost or the cap amount determined  
12        in subsection (b), whichever is less;  
13        provided that multiple owners of a single system shall be  
14        entitled to a single tax credit; and provided further that the  
15        tax credit shall be apportioned between the owners in proportion  
16        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 renewable  
19        energy technology system that is installed and placed in service  
20        in the State by the entity. The cost upon which the tax credit  
21        is computed shall be determined at the entity level.



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

3 (b) The amount of credit allowed for each eligible  
4 renewable energy technology system shall not exceed the  
5 applicable cap amount, which is determined as follows:

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

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

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

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

14 (2) If the primary purpose of the solar energy system is  
15 to use energy from the sun to provide electricity  
16 to an air conditioning unit for use by the public  
17 school, then the cap amount shall be \$1,000,000  
18 per system for public school property;

19 [~~+2~~] (3) For all other solar energy systems, the cap  
20 amounts shall be:



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

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

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

11 ~~(3)~~ (4) For all wind-powered energy systems, the cap  
12 amounts shall be:

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

20 (B) \$200 per unit per system for multi-family  
21 residential property; and



1 (C) \$500,000 per system for commercial property.

2 (c) For the purposes of this section:

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

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

12 "Public school property" means all public school buildings  
13 and grounds.

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-powered air conditioning unit" means any  
21 identifiable facility, equipment, apparatus, or the like that



1 converts solar energy to useful thermal or electrical energy for  
2 cooling purposes.

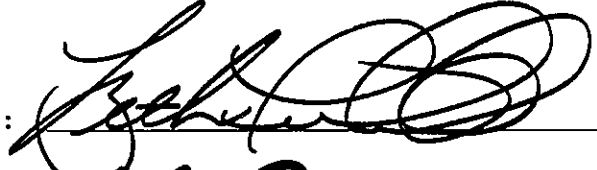
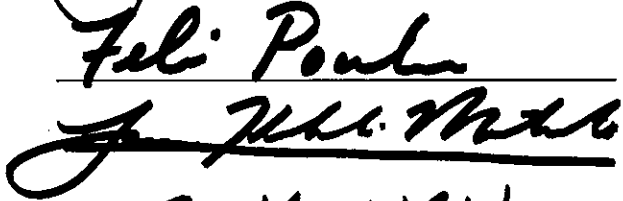
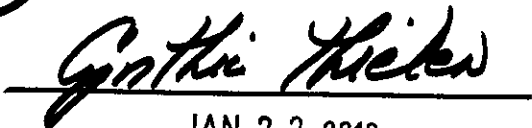
3 "Solar or wind energy system" means any identifiable  
4 facility, equipment, apparatus, or the like that converts solar  
5 or wind energy to useful thermal or electrical energy for  
6 heating, cooling, or reducing the use of other types of energy  
7 that are dependent upon fossil fuel for their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

8 SECTION 3. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

  
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# H.B. NO. 1927

**Report Title:**

Solar; Tax Credit; Schools.

**Description:**

Allows a tax credit for individual and corporate taxpayers that provide either solar-powered air conditioning units or solar energy systems specifically designed to provide electricity for air conditioning units for schools.

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

