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

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

20 (2) For each solar-powered air conditioning unit or solar
21 energy system specifically designed to provide



1 electricity for air conditioning units on public
2 school property, provided that the only purpose of the
3 solar energy system is to use energy from the sun to
4 provide electricity to an air conditioning unit for
5 use by the public school: per cent of the actual
6 cost or the cap amount determined in subsection (b),
7 whichever is less; provided that the unit or system
8 was donated for free to the department of education;
9 provided further that the donor shall not claim a
10 charitable deduction for the donation; or

11 ~~[(2)]~~ (3) For each wind-powered energy system: twenty per
12 cent of the actual cost or the cap amount determined
13 in subsection (b), whichever is less;
14 provided that multiple owners of a single system shall be
15 entitled to a single tax credit; and provided further that the
16 tax credit shall be apportioned between the owners in proportion
17 to their contribution to the cost of the system.

18 In the case of a partnership, S corporation, estate, or
19 trust, the tax credit allowable is for every eligible renewable
20 energy technology system that is installed and placed in service
21 in the State by the entity. The cost upon which the tax credit

1 is computed shall be determined at the entity level.
2 Distribution and share of credit shall be determined pursuant to
3 section 235-110.7(a).

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

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

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

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

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

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

20 [~~2~~] (3) For all other solar energy systems, the cap
21 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 or wind energy system" means any identifiable
21 facility, equipment, apparatus, or the like that converts solar



1 or wind energy to useful thermal or electrical energy for
2 heating, cooling, or reducing the use of other types of energy
3 that are dependent upon fossil fuel for their generation.

4 "Solar-powered air conditioning unit" means any
5 identifiable facility, equipment, apparatus, or the like that
6 converts solar energy to useful thermal or electrical energy for
7 cooling purposes."

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.



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. (HB1927 HD1)

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