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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-     Battery backup system tax credit. (a) 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 battery backup system that is  
10 installed and placed in service in the State by a taxpayer  
11 during the taxable year.

12           The amount of the credit shall be equal to twenty-five per  
13 cent of the actual cost of each battery backup system installed  
14 or the cap amount determined in subsection (b), whichever is  
15 less; provided that multiple owners of a single system shall be  
16 entitled to a single tax credit; and provided further that the



1 tax credit shall be apportioned between the owners in proportion  
2 to their contribution to the cost of the system.

3 In the case of a partnership, S corporation, estate, or  
4 trust, the tax credit allowable is for every eligible battery  
5 backup system that is installed and placed in service in the  
6 State by the entity. The cost upon which the tax credit is  
7 computed shall be determined at the entity level. Distribution  
8 and share of credit shall be determined pursuant to section 235-  
9 110.7(a).

10 (b) The amount of credit allowed for each eligible battery  
11 backup system shall not exceed the applicable cap amount, which  
12 is determined as follows:

13 (1) \$10,000 per system for single-family residential  
14 property;

15 (2) \$ \_\_\_\_\_ per unit per system for multi-family  
16 residential property; and

17 (3) \$250,000 per system for commercial property.

18 (c) For the purposes of this section:

19 "Actual cost" means costs related to the battery backup  
20 system under subsection (a), including accessories and  
21 installation, but not including the cost of consumer incentive



1 premiums unrelated to the operation of the system or offered  
2 with the sale of the system and costs for which another credit  
3 is claimed under this chapter.

4 "Battery backup system" or "system" means any identifiable  
5 facility, equipment, apparatus, or the like that uses batteries  
6 to store electrical energy generated by a solar energy system,  
7 as defined in section 235-12.5, for use during times when no  
8 solar resources are available to generate power; provided that  
9 for each single-family, multi-family, or commercial property, a  
10 system shall consist of batteries with a collective capacity of  
11 no more than five kilowatt hours.

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

18 (e) If the tax credit under this section exceeds the  
19 taxpayer's income tax liability, the excess of the credit over  
20 liability may be used as a credit against the taxpayer's income  
21 tax liability in subsequent years until exhausted. All claims



1 for the tax credit under this section, including amended claims,  
2 shall be filed on or before the end of the twelfth month  
3 following the close of the taxable year for which the credit may  
4 be claimed. Failure to comply with this subsection shall  
5 constitute a waiver of the right to claim the credit."

6 SECTION 2. Section 235-12.5, Hawaii Revised Statutes, is  
7 amended by amending the definition of "actual cost" to read as  
8 follows:

9 "Actual cost" means costs related to the renewable energy  
10 technology systems under subsection (a), including accessories  
11 and installation, but not including the cost of consumer  
12 incentive premiums unrelated to the operation of the system or  
13 offered with the sale of the system and costs for which another  
14 credit is claimed under this chapter. "Actual cost" does not  
15 include costs related to battery backup systems, as defined in  
16 section 235-\_\_\_\_\_."

17 SECTION 3. New statutory material is underscored.

18 SECTION 4. This Act, upon its approval, shall apply to  
19 taxable years beginning after December 31, 2015.



**Report Title:**

Battery Backup System Tax Credit

**Description:**

Establishes a nonrefundable income tax credit for taxpayers who purchase and install battery backup systems for solar energy systems. (HB212 HD1)

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

