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# 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) and (b) 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 system: thirty-five per cent of  
14 the actual cost or the cap amount determined in  
15 subsection (b), whichever is less; provided that:

16           (A) For taxable years beginning after December 31,  
17           2019, and except as provided in subparagraph (B),



1                   no tax credit may be claimed for solar energy  
2                   systems for commercial properties; and  
3           (B) Notwithstanding any law to the contrary and any  
4                   subsequent amendments to this paragraph, a  
5                   taxpayer subject to a power purchase agreement  
6                   approved by a decision and order issued by the  
7                   public utilities commission prior to December 31,  
8                   2019, shall continue to receive thirty-five per  
9                   cent of the actual cost, up to the applicable cap  
10                   amount of \$500,000 per solar energy system for a  
11                   commercial property; or

12           (2) For each wind-powered energy system: twenty per cent  
13                   of the actual cost or the cap amount determined in  
14                   subsection (b), whichever is less; provided that:

15           (A) For taxable years beginning after December 31,  
16                   2019, and except as provided in subparagraph (B),  
17                   no tax credit may be claimed for wind-powered  
18                   energy systems for commercial properties; and

19           (B) Notwithstanding any law to the contrary and any  
20                   subsequent amendments to this paragraph, a  
21                   taxpayer subject to a power purchase agreement



1           approved by a decision and order issued by the  
2           public utilities commission prior to December 31,  
3           2019, shall continue to receive twenty per cent  
4           of the actual cost, up to the applicable cap  
5           amount of \$500,000 per wind-powered energy system  
6           for a commercial property;

7 provided further that multiple owners of a single system shall  
8 be entitled to a single tax credit; and provided further that  
9 the tax credit shall be apportioned between the owners in  
10 proportion to their contribution to the cost of the system.

11           In the case of a partnership, S corporation, estate, or  
12 trust, the tax credit allowable is for every eligible renewable  
13 energy technology system that is installed and placed in service  
14 in the State by the entity. The cost upon which the tax credit  
15 is computed shall be determined at the entity level.

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

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



- 1 (1) If the primary purpose of the solar energy system is  
2 to use energy from the sun to heat water for household  
3 use, then the cap amounts shall be:
- 4 (A) \$2,250 per system for single-family residential  
5 property; and
- 6 (B) [~~\$350~~] \$750 per unit per system for multi-family  
7 residential property; [~~and~~
- 8 ~~(C) \$250,000 per system for commercial property;~~]
- 9 (2) For all other solar energy systems, the cap amounts  
10 shall be:
- 11 (A) \$5,000 per system for single-family residential  
12 property; provided that if all or a portion of  
13 the system is used to fulfill the substitute  
14 renewable energy technology requirement pursuant  
15 to section 196-6.5(a)(3), the credit shall be  
16 reduced by thirty-five per cent of the actual  
17 system cost or \$2,250, whichever is less; and
- 18 (B) [~~\$350~~] \$750 per unit per system for multi-family  
19 residential property; and
- 20 [~~(C) \$500,000 per system for commercial property; and~~]



1 (3) For all wind-powered energy systems, the cap amounts  
2 shall be:

3 (A) \$1,500 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 twenty per cent of the actual system  
9 cost or \$1,500, whichever is less; and  
10 (B) [~~\$200~~ \$750 per unit per system for multi-family  
11 residential property [~~;~~ and  
12 ~~(C) \$500,000 per system for commercial property]."~~

13 2. By amending subsection (k) to read:

14 "(k) This section shall apply to eligible renewable energy  
15 technology systems that are installed and placed in service on  
16 or after July 1, 2009.

17 No tax credits may be claimed under this section after  
18 December 31, 2045."

19 SECTION 2. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.



1 SECTION 3. This Act shall take effect on July 1, 2050;  
2 provided that this Act, upon its approval, shall apply to  
3 taxable years beginning after December 31, 2019.



**Report Title:**

Renewable Energy; Solar and Wind Energy System; Tax Credit

**Description:**

Repeals the renewable energy technologies tax credit for solar energy systems and wind-powered energy systems for commercial properties for taxable years beginning after December 31, 2019, except for taxpayers subject to a power purchase agreement approved by a decision and order issued by the PUC prior to December 31, 2019. Increases the renewable energy technologies tax credit for solar water heater systems, other solar energy systems, and wind-powered energy systems for multi-family residential properties. Makes the renewable energy technologies tax credit unavailable after 12/31/2045. Effective 7/1/2050.  
(HD1)

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