

---

---

## A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY TECHNOLOGIES TAX CREDITS.

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

1           SECTION 1. The legislature finds that every year,  
2 proposals to change or eliminate renewable energy tax credits  
3 are submitted that could potentially negatively affect renewable  
4 energy projects that are currently in development and were  
5 initiated in reliance on existing renewable energy tax credits.  
6 These renewable energy tax credits are applied to the rates that  
7 are contracted with the electric utilities and ultimately  
8 reflected in the rates benefitting ratepayers. Changes to  
9 renewable energy tax credits that affect renewable energy  
10 projects that are already under development would negatively  
11 impact the financeability rate and overall viability of affected  
12 renewable energy projects, which will hinder the electric  
13 utility in achieving the State's renewable portfolio standard of  
14 one hundred per cent by 2045.

15           The legislature further finds that renewable energy tax  
16 credits for utility-scale projects contracted with the electric  
17 utility and approved by the public utilities commission's



1 decision and order in 2019 must be taken on tax returns filed  
2 after the project is commercially operational in subsequent  
3 years. As a result, such projects are at risk for any changes  
4 in law that might reduce the value of the credit between now and  
5 the completion of the project. Any changes to renewable energy  
6 tax credits prior to the completion of such projects could  
7 financially harm the developer's ability to deliver the proposed  
8 renewable energy projects, which would ultimately harm the  
9 ratepayers and the State's energy policy goals. It is therefore  
10 important to provide developers of utility-scale renewable  
11 energy projects with certainty that that the currently existing  
12 renewable energy tax credit will still apply to projects that  
13 have already been approved by the public utilities commission in  
14 2019 and currently under development when they are ultimately  
15 completed. Such assurance will help reduce risks and costs for  
16 developers and increase the number of developers willing to  
17 propose and develop renewable energy projects in Hawaii.  
18 Increasing competition for renewable energy projects is in the  
19 public interest, as it will help reduce renewable energy costs  
20 for ratepayers.



1           Accordingly, the purpose of this Act is to ensure that,  
2 notwithstanding any amendments to the existing renewable energy  
3 tax credits, previously approved commercial utility-scale  
4 renewable energy projects that are currently under development  
5 are not to be affected by any subsequent amendments to existing  
6 state law.

7           SECTION 2. Section 235-12.5, Hawaii Revised Statutes, is  
8 amended by amending subsection (a) to read as follows:

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

18           (1) For each solar energy system: thirty-five per cent of  
19 the actual cost or the cap amount determined in  
20 subsection (b), whichever is less; ~~[or]~~ provided that,  
21 notwithstanding any law to the contrary and any



1           subsequent amendments to this paragraph, a power  
2           purchase agreement approved by a decision and order  
3           issued by the public utilities commission prior to  
4           December 31, 2019, shall continue to receive thirty-  
5           five per cent of the actual cost or the cap amount  
6           determined in subsection (b), up to the applicable cap  
7           amount of \$500,000 per solar energy system; or

8           (2) For each wind-powered energy system: twenty per cent  
9           of the actual cost or the cap amount determined in  
10          subsection (b), whichever is less;

11          provided that multiple owners of a single system shall be  
12          entitled to a single tax credit; and provided further that the  
13          tax credit shall be apportioned between the owners in proportion  
14          to their contribution to the cost of the system.

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

20          Distribution and share of credit shall be determined pursuant to  
21          section 235-110.7(a)."

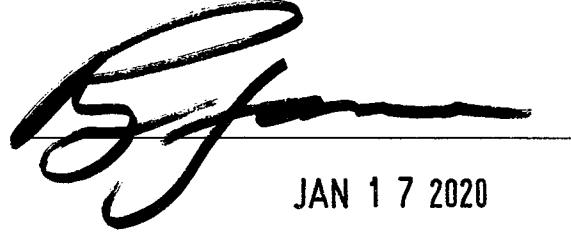


1           SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

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

4

INTRODUCED BY:

A handwritten signature in black ink, appearing to be "B. J. ...", is written over a horizontal line.

JAN 17 2020



# H.B. NO. 2039

**Report Title:**

Renewable Energy Technologies Tax Credits; Power Purchase Agreements

**Description:**

Clarifies that notwithstanding any law to the contrary or subsequent amendments to existing state renewable energy investment tax credits, a power purchase agreement approved by the public utilities commission prior to 12/31/2019 shall receive thirty-five per cent of the actual cost or up to the applicable cap amount of \$500,000 per solar energy system.

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

