
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. In 1976, the legislature, recognizing the
2 critical importance of renewable energy to the State, enacted
3 Act 189, Session Laws of Hawaii 1976 (Act 189), which
4 established income tax credits to encourage investment in
5 renewable energy systems. Act 189 has been amended to vary
6 credit rates, duration of credits, and include emergent, viable
7 renewable energy technologies. The legislature found in 2008
8 that fossil fuel imports account for a greater impact upon
9 Hawaii's economy than at any prior time, despite Hawaii being
10 blessed with the greatest number of renewable energy resources
11 in the nation.

12 The purpose of this Act is to encourage investment in the
13 deployment of seawater air conditioning as a renewable energy
14 technology by amending the renewable energy technologies tax
15 credit.

16 SECTION 2. Section 235-12.5, Hawaii Revised Statutes, is
17 amended as follows:



1 1. By amending subsections (a) through (c) to read:

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

11 (1) For each solar energy system: thirty-five per cent of
12 the actual cost or the cap amount determined in
13 subsection (b), whichever is less; ~~[or]~~

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

17 (3) For each commercial air conditioning system connected
18 to a seawater air conditioning district cooling
19 system: the actual cost of connecting the commercial
20 air conditioning system to the seawater air



1 conditioning district cooling system or the cap amount
2 determined in subsection (b), whichever is less;
3 provided that multiple owners of a single system shall be
4 entitled to a single tax credit; and provided further that the
5 tax credit shall be apportioned between the owners in proportion
6 to their contribution to the cost of the system.

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

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

- 17 (1) If the primary purpose of the solar energy system is
18 to use energy from the sun to heat water for household
19 use, then the cap amounts shall be:
- 20 (A) \$2,250 per system for single-family residential
21 property;

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



1 renewable energy technology requirement pursuant
2 to section 196-6.5(a)(3), the credit shall be
3 reduced by twenty per cent of the actual system
4 cost or \$1,500, whichever is less;

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

7 (C) \$500,000 per system for commercial property[-];
8 and

9 (4) For each commercial air conditioning system connecting
10 to a seawater air conditioning district cooling system
11 as provided in subsection (a)(3), the cap amount shall
12 be \$250,000 per multi-family residential or commercial
13 property; provided that the total amount of tax
14 credits allowed under subsection (a)(3) shall not
15 exceed \$5,000,000 for all qualified taxpayers in any
16 taxable year.

17 (c) For the purposes of this section:

18 "Actual cost" means costs related to the renewable energy
19 technology systems under subsection (a), including accessories
20 and installation, but not including the cost of consumer
21 incentive premiums unrelated to the operation of the system or



1 offered with the sale of the system and costs for which another
2 credit is claimed under this chapter.

3 "Commercial air conditioning system" means a single
4 centralized system that chills water for the cooling of air for
5 a commercial, office, or residential building or collection of
6 buildings.

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

10 "Renewable energy technology system" means a new system
11 that captures and converts a renewable source of energy, such as
12 solar [~~or~~], wind energy, or cold deep seawater into:

- 13 (1) A usable source of thermal or mechanical energy;
- 14 (2) Electricity; or
- 15 (3) Fuel.

16 "Seawater air conditioning district cooling system" means
17 an identifiable facility, equipment, apparatus, or the like that
18 utilizes naturally occurring cold, deep seawater as its primary
19 source of cooling that centralizes chilled water production into
20 a single central chiller plant for distribution of the chilled
21 water to multiple commercial air conditioning systems.



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

6 2. By amending subsection (e) to read:

7 "(e) The director of taxation shall prepare any forms that
8 may be necessary to claim a tax credit under this section,
9 including forms identifying the technology type of each tax
10 credit claimed under this section[, ~~whether for solar or wind~~].
11 The director may also require the taxpayer to furnish reasonable
12 information to ascertain the validity of the claim for credit
13 made under this section and may adopt rules necessary to
14 effectuate the purposes of this section pursuant to chapter 91."

15 SECTION 3. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 4. This Act shall take effect on July 1, 2020, and
18 shall apply to taxable years beginning after December 31, 2020.



Report Title:

Renewable Energy Technologies Tax Credit; Seawater Air
Conditioning

Description:

Amends the renewable energy technologies income tax credit to
include commercial seawater air conditioning systems. (SD1)

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not legislation or evidence of legislative intent.*

