
A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1 SECTION 1. The legislature finds that the high cost of
2 living makes it difficult to live in the State of Hawaii. Each
3 year from 2015 to 2019, a CNBC survey ranked Hawaii as being the
4 state with the highest cost of living. In Hawaii, the median
5 monthly cost for homeowners with a mortgage is \$2,303, and the
6 median monthly cost of rent is \$1,507. As of 2016, more than
7 fifty-six per cent of Honolulu's population was forced to rent,
8 instead of purchasing a home, due to the high cost of home
9 ownership.

10 The legislature also finds that renewable energy through
11 distributed generation facilities, such as solar photovoltaic
12 systems, are available to homeowners with tax credit incentives.
13 Many multi-family residential properties are home to senior
14 citizens and low-income occupants. Many residents who live in
15 multi-family residential properties want to participate in
16 renewable energy and the State's clean energy goals.



1 The legislature further finds that it is important to
2 afford multi-family residential properties with sufficient and
3 equitable incentives and tax credits for renewable energy
4 projects so that multi-family residential occupants may also
5 participate in and receive renewable energy benefits similar to
6 incentives provided to single-family residential properties and
7 commercial properties.

8 Pursuant to Act 207, Session Laws of Hawaii 2003, the tax
9 credit cap amount for photovoltaic energy systems for a single
10 family residential property was set at thirty-five per cent of
11 the actual cost or \$1,750, whichever is less; for a multi-family
12 residential property, thirty-five per cent of the actual cost or
13 \$350 per unit, whichever is less; and for a commercial property,
14 thirty-five per cent of the actual cost or \$250,000, whichever
15 is less. Act 240, Session Laws of Hawaii 2006 (Act 240),
16 increased the cap amount for photovoltaic energy systems for
17 single-family residential property from \$1,750 to \$5,000 and for
18 commercial property from \$250,000 to \$500,000. Thus, the cap
19 amount for single family properties was increased by more than
20 one hundred eighty-five per cent, and the cap amount for
21 commercial properties was increased by one hundred per cent.



1 Act 240 did not increase the tax credit cap amount for
2 photovoltaic systems for multi-family residential properties,
3 which remains at \$350 per unit, as it was established in 2003.

4 The legislature finds that it is time that multi-family
5 residential properties receive equitable renewable energy tax
6 credits, with equally proportionate increases that have been
7 afforded to the single family and commercial properties.

8 Accordingly, the purpose of this Act is to increase the cap
9 amount of the renewable energy technologies income tax credit
10 for solar energy systems for multi-family residential properties
11 from \$350 to \$750.

12 SECTION 2. Section 235-12.5, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

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~~] \$750 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~~] \$750 per unit per system for multi-family
14 residential property; and

15 (C) \$500,000 per system for commercial property; and

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

18 (A) \$1,500 per system for single-family residential
19 property; provided that if all or a portion of
20 the system is used to fulfill the substitute
21 renewable energy technology requirement pursuant



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

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

6 (C) \$500,000 per system for commercial property."

7 SECTION 3. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect on July 1, 2050, and
10 shall apply to taxable years beginning after December 31, 2020.



Report Title:

Renewable Energy Technologies; Income Tax Credit; Solar Energy System; Multi-Family Residential Properties

Description:

Increases the cap amount of the renewable energy technologies income tax credit for solar energy systems for multi-family residential properties from \$350 to \$750. Applies to taxable years beginning after 12/31/2020. Effective 7/1/2050. (SD2)

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