
A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY TAX CREDITS.

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 part I to be appropriately
3 designated and to read as follows:

4 "§235- Transferability of renewable energy technologies
5 income tax credits; condominium associations. (a) Each
6 condominium association that claims a renewable energy
7 technologies income tax credit under section 235-12.5, may
8 transfer the credit, or a portion thereof, to another individual
9 or corporate taxpayer that is not related to the condominium
10 association. The individual or corporate taxpayer that receives
11 the transferred credit shall be known as the transferee taxpayer
12 and shall be treated as the taxpayer for the purposes of
13 subsections 235-12.5(f) through 235-12.5(h).

14 For the purposes of this subsection, an individual or
15 corporate taxpayer shall be deemed related to the condominium
16 association if the individual or corporate taxpayer is a board



1 member, managing agent, resident manager, or other similarly
2 titled individual, or unit owner of the condominium association.

3 (b) Any amount paid by the transferee taxpayer to the
4 condominium association as consideration for the transfer of
5 credits described in subsection (a) shall be paid in cash and
6 shall not be:

7 (1) Included in the condominium association's gross
8 income; or

9 (2) Deducted by the transferee taxpayer.

10 (c) The condominium association shall elect to transfer
11 the credit, or a portion thereof, by filing with the department
12 of taxation on or before the end of the twelfth month following
13 the close of the taxable year for which the eligible renewable
14 energy technology system is installed and placed in service.

15 Failure to comply with the foregoing provision shall constitute
16 a waiver of the right to transfer the credit. Transferred
17 credits received during the taxable year by the transferee
18 taxpayer may be claimed for that taxable year pursuant to
19 subsection 235-12.5(f).



1 (d) Credit transfers shall become irrevocable upon
2 election. A transferee taxpayer shall not transfer credits
3 received pursuant to this section.

4 (e) The director of taxation shall prepare any forms that
5 may be necessary to transfer and claim a tax credit under this
6 section. The director may also require the taxpayer and
7 transferee taxpayer to furnish reasonable information to
8 ascertain the validity of the transfer of and claim for credit
9 made under this section and may adopt rules necessary to
10 effectuate the purposes of this section pursuant to chapter 91."

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

13 "(a) Each individual or corporate taxpayer that files an
14 individual or corporate net income tax return for a taxable year
15 may claim a tax credit under this section against the Hawaii
16 state individual or corporate net income tax. The tax credit
17 may be claimed for every eligible renewable energy technology
18 system that is installed and placed in service in the State by a
19 taxpayer during the taxable year. The tax credit may be claimed
20 as follows:



1 (1) For each solar energy system: thirty-five per cent of
2 the actual cost or the cap amount determined in
3 subsection (b); provided that:

4 (A) For taxable years beginning after December 31,
5 2019, and except as provided in subparagraphs (B)
6 and (C), no tax credit may be claimed for a solar
7 energy system that is five megawatts in total
8 output capacity or larger and requires a power
9 purchase agreement approved by the public
10 utilities commission;

11 (B) A solar energy system that is five megawatts in
12 total output capacity or larger, installed and
13 placed in service pursuant to a power purchase
14 agreement approved or pending approval by a
15 decision and order by the public utilities
16 commission [~~prior to~~] before December 31, 2019,
17 shall continue to receive a tax credit equal to
18 thirty-five per cent of the actual cost, or
19 \$500,000 per solar energy system that has a total
20 output capacity of at least one thousand



1 kilowatts per system of direct current, whichever
2 is less; and

3 (C) For each solar energy system integrated with a
4 pumped hydroelectric energy storage system, the
5 tax credit may be claimed for thirty-five per
6 cent of the actual cost or the cap amount
7 determined in subsection (b), whichever is less;
8 provided that applicable project approval filings
9 have been made to the public utilities commission
10 by December 31, 2021; or

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

14 provided further that multiple owners of a single system shall
15 be entitled to a single tax credit[; ~~and provided further~~] that
16 ~~[the tax credit]~~ shall be apportioned between the owners in
17 proportion to their contribution to the cost of the system[;],
18 except that when a condominium association transfers the tax
19 credit, or a portion thereof, to a transferee taxpayer under
20 section 235- , the condominium association unit owners shall
21 not be entitled to any apportionment or distribution of the



1 transferred tax credit in proportion to their respective
2 ownership share.

3 In the case of a partnership, S corporation, estate, or
4 trust, the tax credit allowable is for every eligible renewable
5 energy technology system that is installed and placed in service
6 in the State by the entity. The cost upon which the tax credit
7 is computed shall be determined at the entity level.
8 Distribution and share of credit shall be determined pursuant to
9 administrative rule."

10 SECTION 3. This Act does not affect rights and duties that
11 matured, penalties that were incurred, and proceedings that were
12 begun before its effective date.

13 SECTION 4. If any provision of this Act, or the
14 application thereof to any person or circumstance, is held
15 invalid, the invalidity does not affect other provisions or
16 applications of the Act that can be given effect without the
17 invalid provision or application, and to this end the provisions
18 of this Act are severable.

19 SECTION 5. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect on July 1, 2040;
2 provided that this Act shall apply to taxable years beginning
3 after December 31, 2024.



Report Title:

DOTAX; Renewable Energy Technologies Income Tax Credit;
Condominium Associations; Credit Transfers

Description:

Allows a condominium association that claims a Renewable Energy Technologies Income Tax Credit under section 235-12.5, HRS, to transfer the credit, or a portion thereof, to another individual or corporate taxpayer that is not related to the condominium association. Requires the Director of the Department of Taxation to prepare forms necessary for the transfer of Renewable Energy Technologies Income Tax Credits. Provides that condominium association unit owners shall not be entitled to any apportionment or distribution of a transferred Renewable Energy Technologies Income Tax Credit when a condominium association transfers the tax credit. Takes effect 7/1/2040. (SD1)

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

