

A Bill for an Act Relating to Tax Incentives for Energy Conservation.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"Sec. 235- Solar energy devices; income tax credit. (a) Each individual and corporate resident taxpayer who files an individual or corporate net income tax return for a taxable year, may claim a tax credit under this section against the Hawaii state individual or corporate net income tax. The tax credit may be claimed for a solar energy device in an amount not to exceed ten per cent of the total cost of the device. The credit shall be claimed against net income tax liability for the year in which the solar energy device was purchased and placed in use; provided the tax credit shall be applicable only with respect to solar devices which are erected and placed in service after December 31, 1974 but before December 31, 1981. Tax credits which exceed the taxpayer's income tax liability may be used as a credit against his income tax liability in subsequent years until exhausted.

(b) The director of taxation shall prepare such forms as may be necessary to claim a credit under this section. He may also require the taxpayer to furnish reasonable information in order that he may ascertain the validity of the claim for credit made under this section and he may adopt rules necessary to effectuate the purposes of this section pursuant to chapter 91.

(c) As used in this section "solar energy device" means any new identifiable facility, equipment, apparatus, or the like which makes use of solar energy for heating, cooling, or reducing the use of other types of energy dependent upon fossil fuel for its generation."

SECTION 2. Chapter 246, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"Sec. 246- Alternate energy improvements, exemption. (a) The value of all property in the State (not including a building or its structural components, except where alternate energy improvements are incorporated into the building, and then only that part of the building necessary to such improvement) actually used for an alternate energy improvement shall be exempted from the measure of the taxes imposed by this chapter; provided the property exemption shall be applicable only with respect to alternate energy improvements which are installed and placed in service after June 30, 1976 but before December 31, 1981.

Application for the exemption provided by this section shall be made with the director of taxation.

The director of taxation may require the taxpayer to furnish reasonable information in order that he may ascertain the validity of the claim for deduction made under this section and may adopt rules under chapter 91 to implement this section.

(b) As used in this section "alternate energy improvement" means any construction or addition, alteration, modification, improvement, or repair work

undertaken upon or made to any building which results in:

- (1) The production of energy from a source, or uses a process which does not use fossil fuels or nuclear fuels. Such energy source may include, but shall not be limited to, solid wastes, wind, geothermal, solar, or ocean waves, tides, or currents. Such energy process may include, but shall not be limited to, bio-conversion, hydro-electric power, thermal conversion, or osmosis; provided that nuclear fission shall be excluded from the provisions of this section; or
- (2) An increased level of efficiency in the utilization of energy produced by fossil fuels or in the utilization of secondary forms of energy dependent upon fossil fuels for its generation.”

SECTION 3. New statutory material is underscored. In printing this Act, the revisor of statutes need not include the underscoring.*

SECTION 4. This Act shall take effect upon its approval; provided that section 1 shall apply to taxable years beginning after December 31, 1974, and section 2 shall take effect on July 1, 1976.

(Approved June 2, 1976.)

*Edited accordingly.