
A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1 SECTION 1. Section 235-12.5, Hawaii Revised Statutes, is
2 amended as follows:

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

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

13 (1) For each solar [energy] electricity generating
14 system[+] that is not a utility scale solar
15 electricity generating system and is placed in
16 service:



- 1 (A) Prior to the 2013 tax year: thirty-five per cent
2 of the actual cost [~~or the cap amount determined~~
3 ~~in subsection (b), whichever is less; or~~];
- 4 (B) During the 2013 tax year: thirty per cent of the
5 actual cost;
- 6 (C) During the 2014 tax year: twenty-five per cent
7 of the actual cost; or
- 8 (D) During and after the 2015 tax year: twenty per
9 cent of the actual cost;
- 10 (2) For each utility scale solar electricity generating
11 system installed after the 2012 tax year: 11.5 cents
12 per kilowatt hour generated during the first one
13 hundred twenty months of the system's operation;
14 provided that projects with contracts approved by the
15 public utilities commission prior to the end of the
16 2013 tax year shall have the option of using the tax
17 credit as it existed on the date that the contract was
18 submitted to the public utilities commission;
- 19 (3) For each solar energy system that uses energy from the
20 sun to heat water for household use: thirty-five per
21 cent of the actual cost or the cap amount determined
22 in subsection (b), whichever amount is less; provided



1 that the taxpayer has not claimed the tax credit under
2 paragraph (1) for the same system; or

3 ~~[(2)]~~ (4) For each wind-powered energy system: twenty per
4 cent of the actual cost or the cap amount determined
5 in subsection (b), whichever is less;

6 provided that multiple owners of a single system shall be
7 entitled to a single tax credit; and provided further that the
8 tax credit shall be apportioned between the owners in proportion
9 to their contribution to the cost of the system.

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

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

20 (1) If the primary purpose of the solar energy system is
21 to use energy from the sun to heat water for household
22 use, then the cap amounts shall be:



1 (A) [~~\$2,250~~] \$2,500 per system for single-family
2 residential property;

3 (B) [~~\$350~~] \$1,000 per unit per system for multi-
4 family residential property; and

5 (C) \$250,000 per system for commercial property;

6 ~~[-(2) For all other solar energy systems, the cap amounts
7 shall be:~~

8 ~~-(A) \$5,000 per system for single family residential
9 property; provided that if all or a portion of
10 the system is used to fulfill the substitute
11 renewable energy technology requirement pursuant
12 to section 196-6.5(a)(3), the credit shall be
13 reduced by thirty five per cent of the actual
14 system cost or \$2,250, whichever is less;~~

15 ~~-(B) \$350 per unit per system for multi family
16 residential property; and~~

17 ~~-(C) \$500,000 per system for commercial property; and~~

18 ~~-(3)]~~ (2) For all wind-powered energy systems, the cap
19 amounts shall be:

20 (A) \$1,500 per system for single-family residential
21 property; provided that if all or a portion of
22 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 (c) For the purposes of this section:

9 "Actual cost" means costs related to the renewable energy
10 technology systems under subsection (a), including accessories
11 and installation, but not including the cost of consumer
12 incentive premiums unrelated to the operation of the system or
13 offered with the sale of the system and costs for which another
14 credit is claimed under this chapter.

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

18 "Renewable energy technology system" means a new system
19 that captures and converts a renewable source of energy, such as
20 solar or wind energy, into:

21 (1) A usable source of thermal or mechanical energy;

22 (2) Electricity; or



1 (3) Fuel.

2 "Solar electricity generating system" means any system that
3 uses the sun's energy to produce electricity either directly, as
4 is the case with photovoltaics, or indirectly, as is the case
5 with concentrating solar power technologies.

6 "Solar or wind energy system" means any identifiable
7 facility, equipment, apparatus, or the like that converts solar
8 or wind energy to useful thermal or electrical energy for
9 heating, cooling, or reducing the use of other types of energy
10 that are dependent upon fossil fuel for their generation.

11 "Utility scale solar electricity generating system" means
12 any solar electricity generating system that is interconnected
13 to a utility grid at sub-transmission or transmission voltage."

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

15 "(e) The director of taxation shall prepare any forms that
16 may be necessary to claim a tax credit under this section,
17 including forms identifying the technology type of each tax
18 credit claimed under this section, whether for solar or wind.
19 The director may also require the taxpayer to furnish reasonable
20 information to ascertain the validity of the claim for credit
21 made under this section and may adopt rules necessary to
22 effectuate the purposes of this section pursuant to chapter 91.



1 Tax filers claiming the credit for utility scale solar
2 electricity generating systems in any taxable year shall
3 document each system's production for that tax year with a
4 separate notarized letter from an electrical engineer licensed
5 in Hawaii attesting to the number of kilowatt hours produced by
6 the system in that tax year."

7 3. By amending subsection (g) to read:

8 "(g) For solar electricity generating systems and other
9 solar energy systems, a taxpayer may elect to reduce the
10 eligible credit amount by thirty per cent and if this reduced
11 amount exceeds the amount of income tax payment due from the
12 taxpayer, the excess of the credit amount over payments due
13 shall be refunded to the taxpayer; provided that tax credit
14 amounts properly claimed by a taxpayer who has no income tax
15 liability shall be paid to the taxpayer; provided further that
16 the tax credit for solar electricity generating systems that are
17 not utility scale solar electricity generating systems shall be
18 fully refundable without the necessity of reducing the eligible
19 credit amount for systems installed during or after the 2016 tax
20 year; and provided further that no refund on account of the tax
21 credit allowed by this section shall be made for amounts less
22 than \$1.



1 The election required by this subsection shall be made in a
2 manner prescribed by the director on the taxpayer's return for
3 the taxable year in which the system is installed and placed in
4 service. A separate election may be made for each separate
5 system that generates a credit. An election once made is
6 irrevocable."

7 SECTION 2. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 3. This Act shall take effect on July 1, 2050, and
10 apply to taxable years beginning after December 31, 2012.



Report Title:

Renewable Energy Technology; Tax Credit

Description:

Eliminates the maximum available amount of the tax credit for solar electricity generating systems, unless the primary purpose of the solar energy system is to use energy from the sun to heat water for household use. Establishes a tax credit for solar electricity generating systems that are below the utility scale that declines by five percent annually, beginning at thirty-five percent prior to 2013 and stabilizing at twenty percent during or after 2015. Establishes a tax credit for utility scale solar electricity generating systems that is based on production, rather than construction, in the amount of 11.5 cents per kilowatt hour generated during the first one hundred twenty months of the operation of a utility scale solar electricity generating system installed after the 2012 tax year. Increases the maximum available amount of the tax credit for certain solar energy systems that use energy from the sun to heat water for household use. Allows tax credits that are claimed for solar electricity generating systems that are not utility scale solar electricity generating systems to become fully refundable during and after the 2016 tax year. Applies to tax years after December 31, 2012. Effective 7/1/50. (SD2)

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