
A BILL FOR AN ACT

RELATING TO CLEAN ENERGY.

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

1 SECTION 1. The legislature finds that the Inflation
2 Reduction Act of 2022 introduced and expanded tax credits for
3 clean energy technologies to accelerate the transition to a
4 clean energy economy. In addition to providing incentives to
5 spur private-sector investment, the Inflation Reduction Act
6 includes provisions to enable tax-exempt and governmental
7 entities to take an active role in building the clean energy
8 economy. The Inflation Reduction Act allows for "elective pay",
9 a tax credit monetization option commonly known as "direct pay",
10 which makes clean energy tax benefits available to those
11 historically excluded from claiming them, such as state and
12 local governments, nonprofit organizations, and public
13 utilities. Since these tax-exempt and governmental entities are
14 not subject to federal income tax, they could not previously
15 claim the credits, making those benefits available only to
16 private energy developers. The elective pay provisions of the
17 Inflation Reduction Act levels the playing field for tax-exempt



1 and governmental entities and offers a tremendous opportunity to
2 expand the reach of clean energy incentives.

3 Accordingly, the purpose of this Act is to require all
4 state and county agencies to utilize applicable federal clean
5 energy tax credits, pursuant to the Inflation Reduction Act of
6 2022, for the purchase and financing of renewable energy
7 projects and zero-emission vehicles.

8 SECTION 2. Beginning July 1, 2025, all state and county
9 agencies shall utilize applicable federal clean energy tax
10 credits under the elective pay, also known as direct pay,
11 provisions of the Inflation Reduction Act of 2022,
12 Pub. L. 117-169, 136 Stat. 1818, as amended, for the purchase or
13 financing of each of the following:

14 (1) Capital improvement projects that utilize clean energy
15 technology, as defined in section 269-121, Hawaii
16 Revised Statutes; and

17 (2) Vehicles that qualify as zero-emission vehicles under
18 title 40 Code of Federal Regulations section 88.1;

19 provided that any state or county agency that utilizes the
20 elective pay provisions shall not be eligible for applicable



1 state tax credits for the same capital improvement project or
2 vehicle.

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

6 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Clean Energy; State and County Agencies; Renewable Energy Projects; Zero-Emission Vehicles; Inflation Reduction Act of 2022

Description:

Requires all state and county agencies to utilize applicable federal clean energy tax credits, pursuant to the Inflation Reduction Act of 2022, for the purchase and financing of capital improvement projects that use clean energy technology and zero-emission vehicles. Effective 7/1/2050. (SD1)

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