
A BILL FOR AN ACT

RELATING TO THE ENVIRONMENT.

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 be appropriately designated
3 and to read as follows:

4 "§235- Green technology facility tax credit. (a)

5 There shall be allowed to each taxpayer subject to the taxes
6 imposed by this chapter, a green technology facility tax credit
7 that shall be deductible from the taxpayer's net income tax
8 liability, if any, imposed by this chapter for the taxable year
9 in which the credit is properly claimed. The amount of the tax
10 credit claimed under this section shall be equal to per cent
11 of the qualified costs incurred by the taxpayer in acquiring a
12 green technology facility. To qualify for the tax credit, the
13 green technology facility shall be located in Hawaii and shall
14 have been operational for at least one year prior to claiming
15 the tax credit.

16 In the case of a partnership, S corporation, estate, trust,
17 or association of apartment owners, the tax credit allowable is
18 for qualified costs incurred by the entity. The cost upon which



1 the tax credit is computed shall be determined at the entity
2 level. Distribution and share of credit shall be determined
3 pursuant to section 235-110.7(a).

4 If a deduction is or was taken under section 179 (with
5 respect to election to expense depreciable business assets) of
6 the Internal Revenue Code, no tax credit shall be allowed for
7 that portion of the qualified costs for which the deduction is
8 taken.

9 The basis of eligible property for depreciation or
10 accelerated cost recovery system purposes for state income taxes
11 shall be reduced by the amount of credit allowable and claimed.
12 In the alternative, the taxpayer shall treat the amount of the
13 credit allowable and claimed as a taxable income item for the
14 taxable year in which it is properly recognized under the method
15 of accounting used to compute taxable income.

16 (b) If the tax credit under this section exceeds the
17 taxpayer's net income tax liability, the excess of credit over
18 liability may be used as a credit against the taxpayer's net
19 income tax liability in subsequent years until exhausted.

20 All claims, including amended claims, for a tax credit
21 under this section shall be filed on or before the end of the
22 twenty-fourth month following the close of the taxable year for



1 which the credit may be claimed. Failure to comply with the
2 foregoing provision shall constitute a waiver of the right to
3 claim the credit.

4 (c) The director of taxation:

5 (1) Shall prepare any forms that may be necessary to claim
6 a credit under this section;

7 (2) May require the taxpayer to furnish information to
8 determine the validity of the claim for credit made
9 under this section; and

10 (3) May adopt rules necessary to effectuate the purposes
11 of this section pursuant to chapter 91.

12 (d) The tax credit allowed under this section shall be
13 available for taxable years beginning after December 31, 2006.

14 (e) To be eligible for the tax credit, the taxpayer shall
15 be in compliance with all applicable federal, state, and county
16 statutes, rules, and regulations.

17 (f) As used in this section:

18 "Qualified costs" means costs of:

19 (1) Planning, land acquisition, designing, equipping, and
20 constructing a green technology facility or converting
21 an existing facility into a green technology facility;

22 or



Report Title:

Green Facility Tax Credit

Description:

Establishes a tax credit for the acquisition of environmentally-friendly green technology facilities.

