
A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY TECHNOLOGIES.

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), (b), and (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 system: thirty-five per cent of
14 the actual cost or the cap amount determined in
15 subsection (b), whichever is less; [ø]



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

4 (3) For each ocean thermal energy conversion research and
5 development system: thirty-five per cent of the actual
6 cost or the cap amount determined in subsection (b),
7 whichever is less;

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

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

17 Distribution and share of credit shall be determined pursuant to
18 section 235-110.7(a).

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



- 1 (1) If the primary purpose of the solar energy system is
2 to use energy from the sun to heat water for household
3 use, then the cap amounts shall be:
- 4 (A) \$2,250 per system for single-family residential
5 property;
- 6 (B) \$350 per unit per system for multi-family
7 residential property; and
- 8 (C) \$250,000 per system for commercial property;
- 9 (2) For all other solar energy systems, the cap amounts
10 shall be:
- 11 (A) \$5,000 per system for single-family residential
12 property; provided that if all or a portion of
13 the system is used to fulfill the substitute
14 renewable energy technology requirement pursuant
15 to section 196-6.5(a)(3), the credit shall be
16 reduced by thirty-five per cent of the actual
17 system cost or \$2,250, whichever is less;
- 18 (B) \$350 per unit per system for multi-family
19 residential property; and
- 20 (C) \$500,000 per system for commercial property;
- 21 [~~and~~]



1 (3) For all wind-powered energy systems, the cap amounts
2 shall be:

3 (A) \$1,500 per system for single-family residential
4 property; provided that if all or a portion of
5 the system is used to fulfill the substitute
6 renewable energy technology requirement pursuant
7 to section 196-6.5(a)(3), the credit shall be
8 reduced by twenty per cent of the actual system
9 cost or \$1,500, whichever is less;

10 (B) \$200 per unit per system for multi-family
11 residential property; and

12 (C) \$500,000 per system for commercial property[-];
13 and

14 (4) For all ocean thermal energy conversion research and
15 development systems, the cap amount shall be
16 \$1,500,000 per system.

17 (c) For the purposes of this section:

18 "Actual cost" means costs related to the renewable energy
19 technology systems under subsection (a), including accessories
20 and installation, but not including the cost of consumer
21 incentive premiums unrelated to the operation of the system or



1 offered with the sale of the system and costs for which another
2 credit is claimed under this chapter.

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

6 "Ocean thermal energy conversion research and development
7 system" means an energy conversion system:

8 (1) Designed to use temperature differences in ocean water
9 to produce electricity;

10 (2) Constructed and used for research and development
11 purposes;

12 (3) For which construction commenced after December 31,
13 2017;

14 (4) That generates one hundred kilowatts or more; and

15 (5) Is certified by the Hawaii state energy office.

16 "Renewable energy technology system" means a new system
17 that captures and converts a renewable source of energy, such as
18 solar [œ], wind, or ocean thermal energy, into:

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

20 (2) Electricity; or

21 (3) Fuel.



1 "Solar or wind energy system" means any identifiable
2 facility, equipment, apparatus, or the like that converts solar
3 or wind energy to useful thermal or electrical energy for
4 heating, cooling, or reducing the use of other types of energy
5 that are dependent upon fossil fuel for their generation."

6 2. By amending subsection (e) to read as follows:

7 "(e) The director of taxation shall prepare any forms that
8 may be necessary to claim a tax credit under this section,
9 including forms identifying the technology type of each tax
10 credit claimed under this section, whether for solar [~~or~~],
11 wind[-], or ocean thermal energy conversion. The director may
12 also require the taxpayer to furnish reasonable information to
13 ascertain the validity of the claim for credit made under this
14 section and may adopt rules necessary to effectuate the purposes
15 of this section pursuant to chapter 91."

16 SECTION 2. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 3. This Act shall take effect on January 28, 2045,
19 and shall apply to taxable years beginning after December 31,
20 2018.



Report Title:

Renewable Energy Technologies; Income Tax Credit; Ocean Thermal Energy Conversion

Description:

Expands the income tax credit for renewable energy technologies to include ocean thermal energy conversion systems constructed for the purposes of research and development. (HB1864 HD1)

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