

JAN 19 2018

S.B. NO. 2101

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 by amending subsections (a), (b), and (c) to read as
3 follows:

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; [~~or~~]



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

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

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

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

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

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



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

(A) \$2,250 per system for single-family residential property;

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

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

(2) For all other solar energy systems, the cap amounts shall be:

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

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

(C) \$500,000 per system for commercial property;

[and]



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

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

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

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

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

(c) For the purposes of this section:

"Actual cost" means costs related to the renewable energy technology systems under subsection (a), including accessories and installation, but not including the cost of consumer 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 a new thermal energy conversion system that uses
8 the temperature difference between cooler, deep seawater and
9 warmer, shallow or surface seawater to produce electricity and
10 is constructed for purposes of research and development.

11 "Renewable energy technology system" means a new system
12 that captures and converts a renewable source of energy, such as
13 solar or wind energy, into:

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

15 (2) Electricity; or

16 (3) Fuel.

17 "Solar or wind energy system" means any identifiable
18 facility, equipment, apparatus, or the like that converts solar
19 or wind energy to useful thermal or electrical energy for
20 heating, cooling, or reducing the use of other types of energy
21 that are dependent upon fossil fuel for their generation."



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

3 SECTION 3. This Act shall take effect upon its approval
4 and shall apply to taxable years after December 31, 2017.

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INTRODUCED BY:

Dominic R. Monye

Will Lynn

Stacy

Russell H. Baker

SP Riviere

~~*SC Sabag*~~

Michelle L. Lani



S.B. NO. 2101

Report Title:

Renewable Energy Technologies; Income Tax Credit; Ocean Thermal Energy Conversion; Research and Development

Description:

Provides an income tax credit of thirty-five per cent of the actual cost, up to \$1,500,000, for each ocean thermal energy conversion system constructed for the purpose of research and development. Applies to taxable years after December 31, 2017.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

