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# 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 facility: 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 or facility 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~~[-]~~ or facility.

In the case of a partnership, S corporation, estate, or trust, the tax credit allowable is for every eligible renewable energy technology system or ocean thermal energy conversion research and development facility, as applicable, 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).



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

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

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

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

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

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

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



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

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

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

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

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

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

18 (4) For all ocean thermal energy conversion research and  
19 development facilities, the cap amount shall be  
20 \$1,500,000 per facility.

21 (c) For the purposes of this section:



1 "Actual cost" means costs related to the renewable energy  
2 technology systems under subsection (a), including accessories  
3 and installation, but not including the cost of consumer  
4 incentive premiums unrelated to the operation of the system or  
5 offered with the sale of the system and costs for which another  
6 credit is claimed under this chapter.

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

10 "Ocean thermal energy conversion research and development  
11 facility" means a new thermal energy conversion facility that  
12 uses the temperature difference between cooler, deep seawater  
13 and warmer, shallow or surface seawater to produce electricity  
14 and is constructed for purposes of research and development.

15 "Renewable energy technology system" means a new system  
16 that captures and converts a renewable source of energy, such as  
17 solar or wind energy, into:

- 18 (1) A usable source of thermal or mechanical energy;  
19 (2) Electricity; or  
20 (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 SECTION 2. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

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

10



**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 facility constructed for the purpose of research and development. Applies to taxable years after December 31, 2017.  
(SD1)

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