

---

# A BILL FOR AN ACT

---

RELATING TO RENEWABLE ENERGY.

**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) and (b) 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 [or]; provided that:

16       (A) For taxable years beginning after December 31,  
17       2019, and except as provided in subparagraphs (B)



1           and (C), no tax credit shall be claimed for solar  
2           energy systems installed and placed in service  
3           for commercial properties that require a power  
4           purchase agreement approved by the public  
5           utilities commission;

6           (B) Notwithstanding any law to the contrary and any  
7           subsequent amendments to this paragraph or to any  
8           applicable law, for solar energy systems  
9           installed and placed in service on commercial  
10          property, pursuant to a power purchase agreement  
11          either approved by a decision and order or filed  
12          and pending approval by a decision and order by  
13          the public utilities commission prior to  
14          December 31, 2019, the taxpayer shall continue to  
15          receive a tax credit equal to thirty-five per  
16          cent of the actual cost, up to the applicable cap  
17          amount of \$500,000 per solar energy system that  
18          has a total output capacity of at least one  
19          thousand kilowatts per system of direct current;  
20          and



1        (C) For each solar energy system integrated with a  
2        pump hydroelectric energy storage system, the tax  
3        credit may be claimed for thirty-five per cent of  
4        the actual cost or the cap amount determined in  
5        subsection (b), whichever is less; provided that  
6        applicable project approval filings have been  
7        submitted to the public utilities commission by  
8        December 31, 2021; or

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

12       (A) For taxable years beginning after December 31,  
13       2019, and except as provided in subparagraph (B),  
14       no tax credit shall be claimed for wind-powered  
15       energy systems installed and placed in service  
16       for commercial properties; and

17       (B) Notwithstanding any law to the contrary and any  
18       subsequent amendments to this paragraph, for  
19       wind-powered energy systems installed and placed  
20       in service for commercial property, pursuant to a  
21       power purchase agreement approved by a decision



1           and order by the public utilities commission  
2           prior to December 31, 2019, the taxpayer shall  
3           continue to receive a tax credit equal to twenty  
4           per cent of the actual cost, up to the applicable  
5           cap amount of \$500,000 per system;

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

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

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

17       (b) The amount of credit allowed for each eligible  
18   renewable energy technology system shall not exceed the  
19   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; and

6 (B) [~~\$350~~] \$750 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; and

18 (B) [~~\$350~~] \$750 per unit per system for multi-family  
19 residential property; and

20 [~~(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; and

(B) [~~\$200~~] \$750 per unit per system for multi-family residential property[~~, and~~

~~(C) \$500,000 per system for commercial property]~~."

2. By amending subsection (k) to read:

"(k) This section shall apply to eligible renewable energy technology systems that are installed and placed in service on or after July 1, 2009.

No tax credits, including credits subject to subsection (a)(1)(B) and (2)(B), shall be claimed under this section after December 31, 2045."

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



1       SECTION 3. This Act shall take effect on July 1, 2050, and  
2 shall apply to taxable years beginning after December 31, 2019.



**Report Title:**

Renewable Energy; Solar and Wind Energy System; Tax Credit

**Description:**

Repeals the renewable energy technologies income tax credit for solar energy systems that require a power purchase agreement approved by the Public Utilities Commission and wind-powered energy systems for commercial properties for taxable years beginning after 12/31/2019, except for certain taxpayers subject to a power purchase agreement approved or pending approval by a decision and order issued by the PUC prior to 12/31/2019.

Increases the renewable energy technologies income tax credit cap amount for multi-family residential properties. Makes the renewable energy technologies income tax credit unavailable after 12/31/2045. Effective 7/1/2050. (SD1)

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

