
A BILL FOR AN ACT

RELATING TO TAXATION.

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) through (c) to read:

4 "(a) Each individual or corporate taxpayer that files an
5 individual or corporate net income tax return for a taxable year
6 may claim a tax credit under this section against the Hawaii
7 state individual or corporate net income tax. The tax credit
8 may be claimed for every eligible renewable energy technology
9 system that is installed and placed in service in the State by a
10 taxpayer during the taxable year. The tax credit may be claimed
11 as follows:

12 (1) For each solar energy system: thirty-five per cent of
13 the actual cost or the cap amount determined in
14 subsection (b); provided that:

15 (A) For taxable years beginning after December 31,
16 2019, and except as provided in subparagraphs (B)
17 and (C), no tax credit may be claimed for a solar



1 energy system that is five megawatts in total
2 output capacity or larger and requires a power
3 purchase agreement approved by the public
4 utilities commission;

5 (B) A solar energy system that is five megawatts in
6 total output capacity or larger, installed and
7 placed in service pursuant to a power purchase
8 agreement approved or pending approval by a
9 decision and order by the public utilities
10 commission prior to December 31, 2019, shall
11 continue to receive a tax credit equal to thirty-
12 five per cent of the actual cost, or \$500,000 per
13 solar energy system that has a total output
14 capacity of at least one thousand kilowatts per
15 system of direct current, whichever is less; and

16 (C) For each solar energy system integrated with a
17 pumped hydroelectric energy storage system, the
18 tax credit may be claimed for thirty-five per
19 cent of the actual cost or the cap amount
20 determined in subsection (b), whichever is less;
21 provided that applicable project approval filings



1 have been made to the public utilities commission
2 by December 31, 2021; ~~[or]~~

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

6 (3) For each firm renewable energy system: _____ per cent
7 of the actual cost or the cap amount determined in
8 subsection (b) per firm renewable energy system that
9 has a total output capacity of at least one thousand
10 kilowatts per system of alternating current, whichever
11 is less;

12 provided further that multiple owners of a single system shall
13 be entitled to a single tax credit; ~~[and]~~ provided further that
14 the tax credit shall be apportioned between the owners in
15 proportion to their contribution to the cost of the system.

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



1 Distribution and share of credit shall be determined pursuant to
2 administrative rule.

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

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

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

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

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

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

16 (A) \$5,000 per system for single-family residential
17 property; provided that if all or a portion of
18 the system is used to fulfill the substitute
19 renewable energy technology requirement pursuant
20 to section 196-6.5(a)(3), the credit shall be



1 reduced by thirty-five per cent of the actual
2 system cost or \$2,250, whichever is less;

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

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

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

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

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

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

20 (4) For all firm renewable energy systems, the cap amount
21 shall be \$750,000.



1 (c) For the purposes of this section:

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

8 "Firm renewable energy system" means a renewable energy
9 technology system that is always available on the demand of the
10 energy system's operator, consistent with the terms of an
11 approved power purchase agreement.

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

15 "Renewable energy" shall have the same meaning as in
16 section 269-91.

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

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

21 (2) Electricity; or



1 (3) Fuel.

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

7 2. By amending subsections (g) and (h) to read:

8 "(g) For solar energy systems~~[r]~~ and firm renewable energy
9 systems, a taxpayer may elect to reduce the eligible credit
10 amount by thirty per cent and if this reduced amount exceeds the
11 amount of income tax payment due from the taxpayer, the excess
12 of the credit amount over payments due shall be refunded to the
13 taxpayer; provided that tax credit amounts properly claimed by a
14 taxpayer who has no income tax liability shall be paid to the
15 taxpayer; ~~and~~ provided further that no refund on account of
16 the tax credit allowed by this section shall be made for amounts
17 less than \$1.

18 The election required by this subsection shall be made in a
19 manner prescribed by the director on the taxpayer's return for
20 the taxable year in which the system is installed and placed in
21 service. A separate election may be made for each separate



1 system that generates a credit. An election once made [~~is~~]
2 shall be irrevocable.

3 (h) Notwithstanding subsection (g), for any renewable
4 energy technology system, including a firm renewable energy
5 system, an individual taxpayer may elect to have any excess of
6 the credit over payments due refunded to the taxpayer, if:

7 (1) All of the taxpayer's income is exempt from taxation
8 under section 235-7(a)(2) or (3); or

9 (2) The taxpayer's adjusted gross income is \$20,000 or
10 less (or \$40,000 or less if filing a tax return as
11 married filing jointly);

12 provided that tax credits properly claimed by a taxpayer who has
13 no income tax liability shall be paid to the taxpayer; [~~and~~]
14 provided further that no refund on account of the tax credit
15 allowed by this section shall be made for amounts less than \$1.

16 A husband and wife who do not file a joint tax return shall
17 only be entitled to make this election to the extent that they
18 would have been entitled to make the election had they filed a
19 joint tax return.

20 The election required by this subsection shall be made in a
21 manner prescribed by the director on the taxpayer's return for



1 the taxable year in which the system is installed and placed in
2 service. A separate election may be made for each separate
3 system that generates a credit. An election once made [~~is~~]
4 shall be irrevocable."

5 3. By amending subsection (k) to read:

6 "(k) This section shall apply to eligible renewable energy
7 technology systems that are installed and placed in service on
8 or after July 1, 2009[+] and before January 1, 2046."

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

11 SECTION 3. This Act shall take effect on July 1, 2050, and
12 shall apply to taxable years beginning after December 31, 2022.



S.B. NO. 2511
S.D. 2
H.D. 1

Report Title:

Renewable Energy Technologies; Income Tax Credit; Firm Renewable Energy Systems

Description:

Expands the renewable energy technologies income tax credit to include firm renewable energy systems. Caps the total amount of tax credits for each firm renewable energy system at \$750,000. Sunsets the renewable energy technologies income tax credit on 12/31/2045. Effective 7/1/2050. (HD1)

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