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# A BILL FOR AN ACT

RELATING TO TAXATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:  
4           "§235-           Environmental sustainability; projects; tax  
5 credit. (a) Each individual or corporate taxpayer that files  
6 an individual or corporate net income tax return for a taxable  
7 year may claim a tax credit under this section against the  
8 Hawaii state individual or corporate net income tax. The tax  
9 credit may be claimed for every qualified project that is  
10 installed and placed in service in the State by a taxpayer  
11 during the taxable year. The tax credit may be claimed  
12 for           per cent of the actual cost incurred for each qualified  
13 project.  
14           (b) In the case of a partnership, S corporation, estate,  
15 or trust, the tax credit allowable is for every eligible project  
16 that is installed and placed in service in the State by the  
17 entity for the taxable year. The cost upon which the tax credit



1 is computed shall be determined at the entity level.

2 Distribution and share of credit shall be determined by rule.

3 (c) To qualify for this tax credit, a taxpayer shall:

4 (1) Comply with all state environmental and building  
5 regulations; and

6 (2) Provide evidence that the project has quantifiable  
7 environmental benefits.

8 (d) The director of taxation shall prepare forms as may be  
9 necessary to claim a credit under this section. The director  
10 may also require the taxpayer to furnish:

11 (1) Proof of costs for the project, including itemized  
12 receipts;

13 (2) Project plans, including the projected energy output  
14 or environmental impact of the project; and

15 (3) Any certification of compliance with labor, location,  
16 and technical requirements.

17 (e) If the tax credit under this section exceeds the  
18 taxpayer's income tax liability, the excess of the credit over  
19 liability may be used as a credit against the taxpayer's income  
20 tax liability in subsequent years until exhausted. All claims  
21 for the tax credit under this section, including amended claims,



1 shall be filed on or before the end of the twelfth month  
2 following the close of the taxable year for which the credit may  
3 be claimed. Failure to comply with this subsection shall  
4 constitute a waiver of the right to claim the credit.

5 (f) Total tax credits claimed per qualified project shall  
6 not exceed \$ \_\_\_\_\_.

7 (g) The total amount of tax credits allowed under this  
8 section in any particular year shall be \$ \_\_\_\_\_.

9 (h) No costs incurred for the installation and placing  
10 into service in the State of a qualified project for which a  
11 credit is claimed by any taxpayer pursuant to section 235-12.5  
12 shall be eligible for credits under this section.

13 (i) As used in this section, "project" means a system that  
14 supports environmental sustainability, including support for  
15 agriculture, agroforestry, aquaculture, circular manufacturing,  
16 or renewable energy."

17 SECTION 2. New statutory material is underscored.

18 SECTION 3. This Act, upon its approval, shall apply to  
19 taxable years beginning after December 31, 2024.



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INTRODUCED BY:

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JAN 23 2025



# H.B. NO. 1456

**Report Title:**

Environmental Sustainability; Projects; Income Tax Credit

**Description:**

Establishes a tax credit for individual and corporate taxpayers who install and place in service certain projects that support environmental sustainability.

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

