
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that Hawaii consumers pay
2 the highest electricity rates in the nation, averaging over
3 \$0.40 per kilowatt-hour. Despite high costs, consumers have
4 experienced lapses in service reliability, growing the appeal of
5 separating their energy sourcing from the grid.

6 The legislature also finds that Hawaii has one of the
7 highest rates of rooftop solar adoption in the country, with
8 about one-third of single-family homes having rooftop solar,
9 though a smaller percentage have also installed battery storage
10 to store captured energy.

11 Accordingly, the purpose of this Act is to incentivize the
12 addition of battery storage to existing solar photovoltaic
13 systems.

14 SECTION 2. Section 235-12.5, Hawaii Revised Statutes, is
15 amended by amending subsection (a) to read as follows:

16 "**§235-12.5 Renewable energy technologies; income tax**
17 **credit.** (a) Each individual or corporate taxpayer that files



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

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

11 (A) For taxable years beginning after December 31,
12 2019, and except as provided in subparagraphs (B)
13 and (C), no tax credit may be claimed for a solar
14 energy system that is five megawatts in total
15 output capacity or larger and requires a power
16 purchase agreement approved by the public
17 utilities commission;

18 (B) A solar energy system that is five megawatts in
19 total output capacity or larger, installed and
20 placed in service pursuant to a power purchase
21 agreement approved or pending approval by a



1 decision and order by the public utilities
2 commission prior to December 31, 2019, shall
3 continue to receive a tax credit equal to thirty-
4 five per cent of the actual cost, or \$500,000 per
5 solar energy system that has a total output
6 capacity of at least one thousand kilowatts per
7 system of direct current, whichever is less;
8 [~~and~~]

9 (C) For each solar energy system integrated with a
10 pumped hydroelectric energy storage system, the
11 tax credit may be claimed for thirty-five per
12 cent of the actual cost or the cap amount
13 determined in subsection (b), whichever is less;
14 provided that applicable project approval filings
15 have been made to the public utilities commission
16 by December 31, 2021; [~~or~~] and

17 (D) For taxable years beginning after December 31,
18 2025, an existing solar energy system being
19 retrofitted to include a battery storage system,
20 may receive a tax credit equal to thirty-five per



1 cent of the actual cost, or \$500,000 per solar
2 energy system, whichever is less; 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;

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 administrative rule."

17 SECTION 3. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 4. This Act, upon its approval, shall apply to
20 taxable years beginning after December 31, 2025.

21



H.B. NO. 513

INTRODUCED BY:

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JAN 17 2025



H.B. NO. 513

Report Title:

Tax Credit; Solar Panel; Battery; Infrastructure; Grid
Resilience

Description:

Expands the existing renewable energy technologies tax credit to cover claims made after 2025 for solar energy systems integrating battery storage or existing systems that are retrofitted to include battery storage.

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