

STAND. COM. REP. NO. **724**-26

Honolulu, Hawaii

FEB 20, 2026

RE: H.B. No. 2241

H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 2241 entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

begs leave to report as follows:

The purpose of this measure is to amend the Renewable Energy Technologies Income Tax Credit by:

- (1) Beginning December 31, 2026, prohibiting single or joint filers with an adjusted gross income greater than \$250,000 from claiming a credit for solar energy systems with the primary purpose other than using solar energy to heat water for household use that are installed and placed in service on a single-family residential property, with certain exemptions;
- (2) Removing certain cap amounts for solar energy systems; and
- (3) Increasing the maximum adjusted gross income that makes an individual taxpayer eligible to have any excess of the credit over payments due refunded.

Your Committee received testimony in support of this measure from Climate Protectors Hawai'i and three individuals. Your



Committee received testimony in opposition to this measure from PV Tech. Your Committee received comments on this measure from the Department of Taxation; Hawai'i State Energy Office; Tax Foundation of Hawaii; Sunrun; Inception Financial LLC; Photonworks Engineering; Green Power Projects LLC; Centinel Public Partnerships LLC; The Solaray Corporation dba Inter-Island Solar Supply; Hawaii Solar Energy Association; Alternate Energy Inc; and three individuals.

Your Committee finds that the State's environmental commitments and goals necessitate the swift adoption of renewable energy and that financial incentives encourage clean energy adoption. Your Committee further finds that the Renewable Energy Technologies Income Tax Credit could be adjusted to better support low- and moderate- income families by limiting the credit to taxpayers in those income brackets. Your Committee further finds that these changes would promote more equitable access to clean energy and help offset federal actions to limit tax incentives for renewable energy.

Your Committee has amended this measure by:

- (1) Changing the income restriction for claiming credits for solar energy systems with the primary purpose other than using solar energy to heat water for household use to \$250,000 or less if filing as an individual or \$350,000 or less if filing jointly and limiting the restriction to systems that are not third-party financed systems;
- (2) Defining "third-party financed system" as a renewable energy technology system for which the tax credit is claimed by a taxpayer who is not the owner of the property on which the system is installed and placed into service;
- (3) Limiting the removal of certain cap amounts to non-third-party financed systems;
- (4) Allowing only non-third-party financed systems to be eligible for refundable credits;
- (5) Changing the effective date to July 1, 3000; and



- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2241, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2241, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



NICOLE E. LOWEN, Chair



