

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

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GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

## TESTIMONY OF GARY S. SUGANUMA, DIRECTOR OF TAXATION

### TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2241, H.D.1, Relating to Renewable Energy

### BEFORE THE:

House Committee on Finance

**DATE:** Monday, March 2, 2026  
**TIME:** 10:00 a.m.  
**LOCATION:** State Capitol, Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2241, H.D.1, for your consideration.

H.B. 2241, H.D.1, amends section 235-12.5, Hawaii Revised Statutes (HRS), the Renewable Energy Technologies Income Tax Credit (RETITC), by limiting the availability of the credit for systems installed on a single-family residential property to taxpayers with an adjusted gross income (AGI) of \$250,000 or less if filing individually, and an AGI of \$350,000 or less if filing jointly. This income restriction does not apply to systems that are not third-party financed systems.

The bill also amends the per solar energy system cap amount in section 235-12.5(c)(2). The \$5,000 cap amount is retained for third-party financed systems but is removed for non-third-party financed systems. As a result, eligible taxpayers will be able to claim the credit for a single-family residential property based on 35 percent of the actual cost, but if the system is third-party financed the credit is limited to the \$5,000 per system cap amount.

The bill also defines a "third-party financed system" as a renewable energy technology system for which the credit is claimed by a taxpayer who is not the owner of

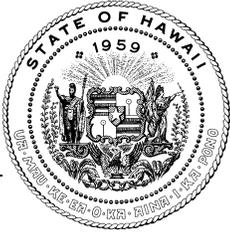
the property on which the system is installed and placed into service.

H.B. 2241, H.D.1, also increases the AGI thresholds for individual taxpayers to request any excess of the credit over payments be made refundable, from \$20,000 to \$40,000 for individual filers, and from \$40,000 to \$60,000 for joint filers.

The measure has a defective effective date of July 1, 3000, and applies to taxable years beginning after December 31, 2026.

DOTAX notes that it can implement the tax law changes as proposed for taxable years beginning after December 31, 2026.

Thank you for the opportunity to provide comments on this measure.



# HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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MARK B. GLICK  
CHIEF ENERGY OFFICER

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Testimony of  
**MARK B. GLICK, Chief Energy Officer**

before the  
**HOUSE COMMITTEE ON FINANCE**

Monday, March 2, 2026  
10:00 AM  
State Capitol, Conference Room 308 and Videoconference

Providing Comments on  
**HB 2241, HD1**

**RELATING TO RENEWABLE ENERGY.**

Chair Todd, Vice Chair Takenouchi, and Members of the Committee, the Hawai'i State Energy Office (HSEO) offers comments on HB 2241, HD1, which proposes several amendments to the Renewable Energy Technologies Income Tax Credit (REITC). Specifically, the measure would: 1) impose an adjusted gross income (AGI) eligibility cap of \$250,000 for individual filers and \$350,000 for joint filers for certain residential solar tax credits, subject to specified exemptions beginning December 31, 2026; 2) remove the existing cap amounts for solar energy systems, excluding solar water heating systems; and 3) increase the AGI eligibility thresholds for individual taxpayers electing to receive refundable credits.

HB 2241, HD1, raises important equity questions about who benefits from state incentives. However, in light of current market conditions and the recent expiration of federal residential solar incentives, HSEO cautions against making significant changes to the Renewable Energy Income Tax Credit (REITC) during this legislative session. Maintaining a stable and effective incentive structure at this time is critical to sustaining residential solar deployment at levels necessary to achieve the State's renewable energy and greenhouse gas reduction goals.

Accordingly, HSEO recommends removing the provisions that would impose a \$250,000 adjusted gross income (AGI) limit for individual filers and a \$350,000 AGI limit for joint filers (page 2, lines 4–5 and 21; page 5, lines 1–8). If the Committee elects to retain this language, HSEO recommends substantially increasing the proposed eligibility thresholds.

Thank you for the opportunity to testify.



**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

**Testimony of the Hawaii Solar Energy Association (HSEA) Regarding HB2241 HD1, Relating to Renewable Energy, Before the House Committee on Finance**

**Monday, March 2, 2026**

**Aloha Chair Todd, Vice Chair Takenouchi, and Committee Members,**

The Hawaii Solar Energy Association (HSEA) **respectfully opposes HB2241 HD1**. Although we appreciate the intent of the measure to support equity and enhanced accessibility to clean and affordable renewable energy, an income restriction is not the way to do it. Hawaii needs to broadly accelerate investment and installation of distributed, customer-sited solar and energy storage to achieve energy resilience goals. Reducing or restructuring the Renewable Energy Technologies Income Tax Credit (RETITC) would undermine those very objectives. A reduction in the credit will broadly decrease access to solar and energy storage and create unintended harm for households, businesses, and the local clean energy economy.

HSEA represents locally owned solar and energy storage contractors, as well as national and global clean energy companies doing business in Hawaii. Our members employ thousands of Hawaii residents in skilled, family-sustaining jobs across construction, engineering, sales, and operations.

**Opposition to the Income-Based Restriction**

HSEA is particularly concerned with the provision restricting eligibility for the RETITC for single-family residential systems based on taxpayer income levels:

- **First, the RETITC is a proven, high-return public investment – not merely a tax expenditure.** Hawaii’s RETITC (or “solar ITC”) is a strategic investment that has consistently delivered measurable economic and fiscal returns to the State. According to the Hawaii Department of Business, Economic Development, and Tourism (DBEDT), each dollar invested in customer-sited distributed energy resources such as rooftop solar and energy storage generates between \$1.47 and \$2.12 in direct economic output and supports between 7.79 and 11.8 jobs.<sup>1</sup> Moreover, every \$1 in state tax credit generates between \$1.97 and \$2.67 in additional state revenue, improving the State’s fiscal

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<sup>1</sup> See DBEDT-READ 2017 *State Input-Output Study and Condensed Input-Output Transactions Table*, ‘mining and construction’ category. ([https://dbedt.hawaii.gov/economic/reports\\_studies/2017-io/](https://dbedt.hawaii.gov/economic/reports_studies/2017-io/))



**Hawaii Solar Energy Association**  
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position.<sup>2</sup> Residential solar systems generate approximately \$66,810 in added economic output over their lifetimes, while commercial systems generate approximately \$8.5 million.<sup>3</sup> Each additional megawatt of solar adds 19 to 27 jobs statewide<sup>4</sup>, and every \$1 in state incentives attracts \$3.25 in additional private and federal investment.<sup>5</sup> Weakening this policy risks reducing overall investment, shrinking economic output, and undermining these demonstrated returns to the State.

- **Second, reducing market participation harms local businesses and workers.** Hawaii’s solar industry employs thousands of residents across income levels, many of whom are precisely the intended beneficiaries of affordability-focused policies. Shrinking the market reduces project volume, raises soft costs, and undermines job stability in an industry that delivers broad economic benefits across the State.
- **Third, the restriction suppresses overall demand** at a time when Hawaii needs to accelerate distributed energy resource (DER) deployment to achieve our energy security and resilience goals. In addition to our overall 100% by 2045 renewable portfolio standard (RPS), the Governor’s Executive Order No. 25-01 and Act 266 (SB589) explicitly call for a near-term acceleration of DER installations. Slowing solar deployment makes it harder, not easier, to achieve these statewide objectives.

### **More Effective Ways to Advance Equity and Affordability**

If the Legislature’s goal is to expand equitable access to clean energy, HSEA believes more effective tools are available, including:

- expanding access to financing through the **Hawaii Green Infrastructure Authority (HGIA)**;

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<sup>2</sup> Thomas A. Laudat and Prahlad Kasturi, 2017. “[The Economic and Fiscal Impacts of Hawaii’s Solar Tax Credit](#),” *International Journal of Energy Economics and Policy, Econjournals*, vol.7(1), pages 224-252.

<sup>3</sup> Laudat and Katsuri, 2017

<sup>4</sup> [Solar Foundation National Solar Jobs Census 2020](#); [SEIA Solar Market Insight Report 2020](#); and Bill Nussey, [Freeing Energy](#).

<sup>5</sup> Based on the net refundable tax credit rate of 24.5%, leaving 75.5% from other sources, private and federal. 77.5 divided by 24.5 equals 3.25.



**Hawaii Solar Energy Association**  
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- standing up viable **Community-Based Renewable Energy (CBRE)** and **Retail Wheeling** programs with **on-bill payment**;
- **reducing soft costs** through permitting and interconnection reforms;
- **implementing well-designed grid services tariffs** that reduce customer bills and drive higher penetration of reliable, lower-cost energy on the grid; and
- addressing high energy burdens directly through programs such as Hawaii’s version of **LIHEAP**.

These approaches increase access without shrinking the market, harming local employers, or slowing progress toward Hawaii’s clean energy goals.

The RETITC has consistently proven to be a high-return public investment – attracting private capital investment; creating local jobs and lowering electricity bills; strengthening energy security and reliability; and delivering long-term benefits to taxpayers.

HSEA is open to working with stakeholders to develop a transition plan tied to Hawaii’s policy priorities but respectfully asks that you defer this measure at this time.

Thank you for the opportunity to testify.

Sincerely,

**Rocky Mould**

Executive Director

**HB-2241-HD-1**

Submitted on: 3/2/2026 6:58:28 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Benson Medina	County of Hawaii, Department of Research and Development	Support	Written Testimony Only

Comments:

Support. This will encourage more adoption of solar systems and help Hawai'i reach its renewable energy goals.

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Prohibit Higher Income Taxpayers from Claiming Renewable Energy Credit

BILL NUMBER: HB 2241 HD1

INTRODUCED BY: EEP

EXECUTIVE SUMMARY: Amends the renewable energy technologies income tax credit by: beginning 12/31/26, limiting claims for certain solar energy systems that are not third-party financed systems and installed and placed in service on a single-family residential property to taxpayers with an adjusted gross income of \$250,000 or less if filing as an individual or \$350,000 or less if filing jointly; removing certain cap amounts for solar energy systems that are not third-party financed systems; and increasing the maximum adjusted gross income an individual taxpayer must be below in order to be eligible to have any excess credits refunded and limiting credit refundability to systems that are not third-party financed systems. Effective 7/1/3000. (HD1)

SYNOPSIS: Amends sec 235-12.5(b), HRS, for tax credit claims on solar energy systems installed and placed in service on a single-family residential property for taxable years beginning after December 31, 2026. The tax credit shall be available if the taxpayer's adjusted gross income is \$250,000 or less as an individual or \$350,000 or less for a joint tax return.

This income restriction shall not apply to a third-party financed system, which is defined to mean a renewable energy technology system for which a tax credit under this section is claimed by a taxpayer who is not the owner of the property on which the system is installed and placed into service.

Makes the \$5,000 per system cap for single-family residential property inapplicable to a third-party financed system.

Makes conforming amendments in sec 235-12.5(a) to remove the credit cap on single family residential property systems.

Amends sec 235-12.5(h) to allow a taxpayer to elect that the credit be made refundable without reduction if the system is not a third-party financed system and the taxpayer's adjusted gross income is \$40,000 or less (up from \$20,000) of adjusted gross income (\$60,000, up from \$40,000, if married filing jointly).

EFFECTIVE DATE: July 1, 3000, applies to taxable years beginning after December 31, 2026.

STAFF COMMENTS: The measure restricts the availability of the tax credit for solar energy systems installed on single family residential property to low- and moderate-income families. It also expands the elective tax credit refundability by increasing the AGI thresholds.

The tax system is there to raise revenue to keep the government moving. Using the tax system to shape social policy merely throws the revenue raising system out of whack, making the system less than reliable as there is no way to determine how many taxpayers will avail themselves of the credit and in what amount.

Furthermore, tax credits are nothing more than the expenditure of public dollars, but out the back door. If, in fact, these dollars were subject to the appropriation process, would taxpayers be as generous about the expenditure of these funds when our kids are roasting in the public school classrooms, there isn't enough money for social service programs, or our state hospitals are on the verge of collapse?

If lawmakers want to subsidize the purchase of this type of technology, then a direct appropriation would be more accountable and transparent.

Digested: 2/13/2026

**HB-2241-HD-1**

Submitted on: 3/1/2026 11:06:53 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Neal Martin	ELCCO Inc.	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2241 HD1. Imposing income restrictions on the Renewable Energy Technologies Income Tax Credit will shrink Hawaii's solar and energy storage market, threaten local jobs, and slow progress toward our clean energy and resilience goals. In addition, shrinking Hawaii's market it will increase cost for low to moderate income households as well. Please defer this measure.

Mahalo for the opportunity to testify.

**HB-2241-HD-1**

Submitted on: 3/1/2026 11:36:44 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Isidro Villaflor	PV Tech	Oppose	Written Testimony Only

Comments:

Aloha,

I respectfully oppose HB2241 HD1. Imposing income restrictions on the Renewable Energy Technologies Income Tax Credit will shrink Hawaii's solar and energy storage market, threaten local jobs, and slow progress toward our clean energy and resilience goals. Please defer this measure.

Mahalo for the opportunity to testify.

Sid Villaflor

**HB-2241-HD-1**

Submitted on: 3/2/2026 4:03:34 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
William Giese	Solaray Corporation	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2241 HD1. Imposing income restrictions on the Renewable Energy Technologies Income Tax Credit will shrink Hawaii's solar and energy storage market, threaten local jobs, and slow progress toward our clean energy and resilience goals. Please defer this measure.

Mahalo for the opportunity to testify.

**HB-2241-HD-1**

Submitted on: 3/2/2026 10:11:23 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Chris Schopen	Alternate Energy Inc	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2241 HD1. Imposing income restrictions on the Renewable Energy Technologies Income Tax Credit will shrink Hawaii's solar and energy storage market, threaten local jobs, and slow progress toward our clean energy and resilience goals. Please defer this measure.

Mahalo for the opportunity to testify.

HB2241

I oppose this measure. The idea is shortsighted. It reduces the incentive to reduce our carbon footprint. It also benefits 3<sup>rd</sup> party owned installations, which will send Hawaii tax collections outside of the State.

Paul Spencer

Kula Maui

**HB-2241-HD-1**

Submitted on: 3/1/2026 5:33:28 PM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Radford Nakamura	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2241 HD1. Imposing income restrictions on the Renewable Energy Technologies Income Tax Credit will shrink Hawaii’s solar and energy storage market, threaten local jobs, and slow progress toward our clean energy and resilience goals. Please defer this measure.

Mahalo for the opportunity to testify.

Radford Nakamura

**HB-2241-HD-1**

Submitted on: 3/1/2026 9:40:14 PM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Greg Tjapkes	Individual	Oppose	Written Testimony Only

Comments:

Dear chairs and vice chairs,

my name is Greg Tjapkes, and I've been involved in Hawaii's solar industry since 2012, helping a lot of Hawaii's families save money, providing clean energy for our islands, and helping put food on my family's table.

I respectfully oppose HB2241 HD1. Imposing income restrictions on the Renewable Energy Technologies Income Tax Credit will shrink Hawaii's solar and energy storage market, threaten local jobs, and slow progress toward our clean energy and resilience goals. Please defer this measure.

Mahalo for the opportunity to testify.

**HB-2241-HD-1**

Submitted on: 3/2/2026 7:53:23 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jeff Lum	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2241 HD1. Imposing income restrictions on the Renewable Energy Technologies Income Tax Credit will shrink Hawaii's solar and energy storage market, threaten local jobs, and slow progress toward our clean energy and resilience goals. Please defer this measure.

Mahalo for the opportunity to testify.

**HB-2241-HD-1**

Submitted on: 3/2/2026 8:32:01 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
wei lian	Individual	Oppose	Written Testimony Only

Comments:

**I respectfully oppose HB2241 HD1.** Imposing income restrictions on the Renewable Energy Technologies Income Tax Credit will shrink Hawaii’s solar and energy storage market, threaten local jobs, and slow progress toward our clean energy and resilience goals. Please defer this measure.

Mahalo for the opportunity to testify,

Wei Lian

**HB-2241-HD-1**

Submitted on: 3/2/2026 8:32:01 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
wei lian	Individual	Oppose	Written Testimony Only

Comments:

**I respectfully oppose HB2241 HD1.** Imposing income restrictions on the Renewable Energy Technologies Income Tax Credit will shrink Hawaii’s solar and energy storage market, threaten local jobs, and slow progress toward our clean energy and resilience goals. Please defer this measure.

Mahalo for the opportunity to testify,

Wei Lian

**HB-2241-HD-1**

Submitted on: 3/2/2026 9:04:50 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Miles	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2241 HD1. Imposing income restrictions on the Renewable Energy Technologies Income Tax Credit will shrink Hawaii's solar and energy storage market, threaten local jobs, and slow progress toward our clean energy and resilience goals. Please defer this measure.

Mahalo for the opportunity to testify.

Sincerely,

Miles Yoshimoto

Project Developer

Alternate Energy Inc.

96-1276 Waihona Street Unit 114 Pearl City HI 96782

**HB-2241-HD-1**

Submitted on: 3/2/2026 9:10:27 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Sarah Amadeo	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2241 HD1. Imposing income restrictions on the Renewable Energy Technologies Income Tax Credit will shrink Hawaii's solar and energy storage market, threaten local jobs, and slow progress toward our clean energy and resilience goals. Please defer this measure.

Mahalo for the opportunity to testify.

**HB-2241-HD-1**

Submitted on: 3/2/2026 10:54:14 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
James Rudolph	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2241 HD1. Imposing income restrictions on the Renewable Energy Technologies Income Tax Credit will shrink Hawaii's solar and energy storage market, threaten local jobs, and slow progress toward our clean energy and resilience goals.

Please defer this measure.

Mahalo for the opportunity to testify.