

**ACT 151**

S.B. NO. 1222

A Bill for an Act Relating to Income Taxation.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 235-12.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) When the requirements of subsection (c) are met, each individual or corporate [resident] taxpayer that files an individual or corporate net income tax return for a taxable year may claim a tax credit under this section against the Hawaii state individual or corporate net income tax. The tax credit may be claimed for every eligible renewable energy technology system that is installed and placed in service in the State by a taxpayer during the taxable year. This credit shall be available for systems installed and placed in service in the State after June 30, 2003. The tax credit may be claimed as follows:

- (1) Solar thermal energy systems for:
  - (A) Single-family residential property: thirty-five per cent of the actual cost or \$2,250, whichever is less;
  - (B) Multi-family residential property: thirty-five per cent of the actual cost or \$350 per unit, whichever is less; and
  - (C) Commercial property: thirty-five per cent of the actual cost or \$250,000, whichever is less;
- (2) Wind-powered energy systems for:
  - (A) Single-family residential property: twenty per cent of the actual cost or \$1,500, whichever is less;
  - (B) Multi-family residential property: twenty per cent of the actual cost or \$200 per unit, whichever is less; and
  - (C) Commercial property: twenty per cent of the actual cost or \$500,000, whichever is less; and
- (3) Photovoltaic energy systems for:
  - (A) Single-family residential property: thirty-five per cent of the actual cost or \$5,000, whichever is less;
  - (B) Multi-family residential property: thirty-five per cent of the actual cost or \$350 per unit, whichever is less; and
  - (C) Commercial property: thirty-five per cent of the actual cost or \$500,000, whichever is less;

provided that multiple owners of a single system shall be entitled to a single tax credit; and provided further that the tax credit shall be apportioned between the owners in proportion to their contribution to the cost of the system.

In the case of a partnership, S corporation, estate, or trust, the tax credit allowable is for every eligible renewable energy technology system that is installed and placed in service in the State by the entity. The cost upon which the tax credit is computed shall be determined at the entity level. Distribution and share of credit shall be determined pursuant to section 235-110.7(a).”

SECTION 2. Section 235-129, Hawaii Revised Statutes, is amended to read as follows:

“§235-129 Tax credits. (a) For purposes of section 235-55, each resident shareholder shall be considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder’s pro rata share of any net income tax paid by the S corporation to a state [which] that does not measure the income of S corporation shareholders by the income of the S corporation. For purposes of the preceding sentence, the term “net income tax” means any tax imposed on or measured by a corporation’s net income.

(b) Each shareholder of an S corporation shall be allowed a credit against the tax imposed by section 235-51 in an amount equal to the shareholder’s pro rata share of the tax ~~[credits described in sections 209E-10, 235-12, 235-71(e), 235-55.91, 235-110.6, 235-110.7, and 235-110.8. With the exception of the credit allowed by section 235-12, nonresident shareholders shall be allowed the credits allowed to resident shareholders which are earned by the S corporation in this State. The credit~~

~~allowed by section 235-12 shall be allowed to nonresident shareholders to the extent the credit is earned by virtue of property purchased and placed in service in this State.] credit earned by the S corporation in this State.’’~~

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

SECTION 4. This Act shall take effect upon its approval and shall apply to taxable years beginning after December 31, 2006.

(Approved June 7, 2007.)