

ACT 61

S.B. NO. 2820

A Bill for an Act Relating to Renewable Energy.

*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 (d) are met, each individual or corporate 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. The tax credit may be claimed as follows:

- (1) For each solar energy system: thirty-five per cent of the actual cost or the cap amount determined in subsection (b)~~], whichever is less; or~~; provided that:
  - (A) For taxable years beginning after December 31, 2019, and except as provided in subparagraphs (B) and (C), no tax credit may be claimed for a solar energy system that is five megawatts in total output capacity or larger and requires a power purchase agreement approved by the public utilities commission;
  - (B) A solar energy system that is five megawatts in total output capacity or larger, installed and placed in service pursuant to a power purchase agreement approved or pending approval by a decision and order by the public utilities commission prior to December 31, 2019, shall continue to receive a tax credit equal to thirty-five per cent of the actual cost, or \$500,000 per solar

energy system that has a total output capacity of at least one thousand kilowatts per system of direct current, whichever is less; and

- (C) For each solar energy system integrated with a pumped hydro-electric energy storage system, the tax credit may be claimed for thirty-five per cent of the actual cost or the cap amount determined in subsection (b), whichever is less; provided that applicable project approval filings have been made to the public utilities commission by December 31, 2021; or

- (2) For each wind-powered energy system: twenty per cent of the actual cost or the cap amount determined in subsection (b), whichever is less;

provided further 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)-]~~ administrative rule.”

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval and shall apply to taxable years beginning after December 31, 2019.

(Approved September 15, 2020.)