
A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1 SECTION 1. Section 235-12.5, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:
3 "(a) When the requirements of subsection (c) are met, each
4 individual or corporate [~~resident~~] taxpayer that files an
5 individual or corporate net income tax return for a taxable year
6 may claim a tax credit under this section against the Hawaii
7 state individual or corporate net income tax. The tax credit
8 may be claimed for every eligible renewable energy technology
9 system that is installed and placed in service in the State by a
10 taxpayer during the taxable year. This credit shall be
11 available for systems installed and placed in service in the
12 State after June 30, 2003. The tax credit may be claimed as
13 follows:
14 (1) Solar thermal energy systems for:
15 (A) Single-family residential property: thirty-five
16 per cent of the actual cost or \$2,250, whichever
17 is less;



- 1 (B) Multi-family residential property: thirty-five
- 2 per cent of the actual cost or \$350 per unit,
- 3 whichever is less; and
- 4 (C) Commercial property: thirty-five per cent of the
- 5 actual cost or \$250,000, whichever is less;
- 6 (2) Wind-powered energy systems for:
- 7 (A) Single-family residential property: twenty per
- 8 cent of the actual cost or \$1,500, whichever is
- 9 less;
- 10 (B) Multi-family residential property: twenty per
- 11 cent of the actual cost or \$200 per unit,
- 12 whichever is less; and
- 13 (C) Commercial property: twenty per cent of the
- 14 actual cost or \$500,000, whichever is less; and
- 15 (3) Photovoltaic energy systems for:
- 16 (A) Single-family residential property: thirty-five
- 17 per cent of the actual cost or \$5,000, whichever
- 18 is less;
- 19 (B) Multi-family residential property: thirty-five
- 20 per cent of the actual cost or \$350 per unit,
- 21 whichever is less; and

1 (C) Commercial property: thirty-five per cent of the
2 actual cost or \$500,000, whichever is less;
3 provided that multiple owners of a single system shall be
4 entitled to a single tax credit; and provided further that the
5 tax credit shall be apportioned between the owners in proportion
6 to their contribution to the cost of the system.

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

14 SECTION 2. Section 235-129, Hawaii Revised Statutes, is
15 amended by amending subsection (b) to read as follows:

16 "(b) Each shareholder of an S corporation shall be allowed
17 a credit against the tax imposed by section 235-51 in an amount
18 equal to the shareholder's pro rata share of the tax credits
19 described in sections 209E-10, [~~235-12.7~~] 235-12.5, 235-71(c),
20 235-55.91, 235-110.6, 235-110.7, and 235-110.8. With the
21 exception of the credit allowed by section 235-12, nonresident
22 shareholders shall be allowed the credits allowed to resident



1 shareholders which are earned by the S corporation in this
2 State. The credit allowed by section [~~235-12~~] 235-12.5, shall
3 be allowed to nonresident shareholders to the extent the credit
4 is earned by virtue of property purchased and placed in service
5 in this State."

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

8 SECTION 4. This Act shall take effect on July 1, 2007, and
9 shall apply to systems installed after June 30, 2007.



Report Title:

Renewable Energy Technology; Income Tax Credit

Description:

Establishes that all energy technology systems must be installed and placed in service in the State of Hawaii to obtain the State's income tax energy tax credit; changes tax credits applicable to shareholder pro rata shares in S corporations.
(SD3)

