
A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY TECHNOLOGIES.

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

1 SECTION 1. The legislature finds that Hawaii's dependence
2 on petroleum for about ninety per cent of its energy needs is
3 more than any other state in the nation. This makes the State
4 extremely vulnerable to any oil embargo, supply disruption,
5 international market dysfunction, and many other factors beyond
6 the control of the State. Furthermore, the continued
7 consumption of conventional petroleum fuel negatively impacts
8 the environment. At the same time, Hawaii has among the most
9 abundant renewable energy resources in the world, in the form of
10 solar, geothermal, wind, biomass, and ocean energy assets.

11 The legislature also finds that increased energy efficiency
12 and use of renewable energy resources would increase Hawaii's
13 energy self-sufficiency, achieving broad societal benefits,
14 including increased energy security, resistance to increases in
15 oil prices, environmental sustainability, economic development,
16 and job creation.



1 Over the years, the legislature has worked steadily to
2 encourage the deployment of renewable energy resources and
3 energy efficiency initiatives. This includes:

4 (1) Establishing a net energy metering program,
5 interconnection standards, and renewable energy tax
6 credits;

7 (2) Establishing greenhouse gas and energy consumption
8 reduction goals for state facilities and requiring the
9 use of energy efficient products in state facilities;
10 and

11 (3) Providing incentives for the deployment of solar
12 energy devices.

13 The legislature also established an enforceable renewable
14 energy portfolio standard under which twenty per cent of
15 Hawaii's electricity is to be generated from renewable resources
16 by the end of 2020.

17 There now exists an unprecedented, historical opportunity
18 for Hawaii to emerge as a leader in the hydrogen economy.

19 Hydrogen technology development is already attracting
20 billions of dollars in investment capital not only in the United
21 States, but also in other countries in Europe, and Japan. On a
22 national level, federal initiatives are resulting in the



1 development of hydrogen and fuel cell technologies in
2 partnership with automakers and major energy companies.
3 Analysts predict that these initiatives, along with efforts in
4 other countries, will lead to the development of markets for
5 hydrogen and supportive hydrogen fuel cell technologies and
6 infrastructure. The question is no longer "if", but "when."

7 Current commercial fuel cell technologies have a viable
8 path forward and can lead to future market adoption of renewable
9 hydrogen technologies. The legislature recognizes the need for
10 programs around nonrenewably generated hydrogen, available today
11 with current technologies, to increase customer acceptance and
12 public awareness that will ultimately lead to adoption of
13 technology that uses renewably generated hydrogen.

14 Locally, the historic confluence of the State's desire for
15 energy self-sufficiency through development of renewable energy
16 with the global opportunity of the emerging hydrogen economy
17 calls for a major, far-sighted initiative, sustainable over the
18 long-term, to develop Hawaii's renewable energy resources and,
19 ultimately, to transition Hawaii to an indigenous-resource-based
20 energy economy.

21 Right now, the greatest immediate opportunity to achieve
22 this vision resides on the island of Hawaii.



1 On the island of Hawaii, more electricity is produced from
2 renewable resources than can currently be used. Several wind
3 projects are expected to be completed in the near term,
4 exacerbating this problem. Furthermore, the Puna geothermal
5 project is planning to increase its energy contribution only if
6 the electric utility can take and use the energy. This provides
7 an opportunity to use excess geothermal and other renewable
8 energy resources to produce hydrogen using water electrolysis.
9 This clean, renewable hydrogen would then be used as an energy
10 carrier for stationary power and transportation fuels, making
11 the island self-sufficient.

12 Hydrogen could also be exported to Oahu and other islands
13 as the clean fuel of choice for power generation and
14 transportation fuels, achieving greater self-sufficiency for the
15 State of Hawaii.

16 To shape Hawaii's energy future and achieve the goal of
17 energy self-sufficiency for the State of Hawaii, our efforts
18 must continue on all fronts, integrating new and evolving
19 technologies, seizing upon economic opportunities to become more
20 energy efficient and economically diversified, and providing
21 incentives and assistance to address barriers.



1 The purpose of this Act is to provide one segment of a
2 larger comprehensive approach to achieving energy self-
3 sufficiency for the State by expanding the renewable energy
4 technologies income tax credit to include fuel cell systems.

5 SECTION 2. Section 235-12.5, Hawaii Revised Statutes, is
6 amended as follows:

7 1. By amending subsection (a) to read:

8 "(a) When the requirements of subsection (c) are met, each
9 individual or corporate resident taxpayer that files an
10 individual or corporate net income tax return for a taxable year
11 may claim a tax credit under this section against the Hawaii
12 state individual or corporate net income tax. The tax credit
13 may be claimed for every eligible renewable energy technology
14 system that is installed and placed in service by a taxpayer
15 during the taxable year. This credit shall be available for
16 systems installed and placed in service after June 30, 2003.

17 The tax credit may be claimed as follows:

18 (1) Solar thermal energy systems for:

19 (A) Single-family residential property: thirty-five
20 per cent of the actual cost or \$2,250, whichever
21 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; and

3 (4) Fuel cell systems for:

4 (A) Single-family residential property: _____ per
5 cent of the actual cost or _____ per unit,
6 whichever is less;

7 (B) Multi-family residential property: _____ per
8 cent of the actual cost or \$ _____ per unit,
9 whichever is less; and

10 (C) Commercial property: _____ per cent of the
11 actual cost or \$ _____ per unit, whichever is
12 less;

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

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



1 2. By amending subsection (d) to read:
2 "(d) The director of taxation shall prepare any forms that
3 may be necessary to claim a tax credit under this section,
4 including forms identifying the technology type of each tax
5 credit claimed under this section, whether for solar thermal,
6 photovoltaic from the sun, ~~[or]~~ wind, or fuel cells. The
7 director may also require the taxpayer to furnish reasonable
8 information to ascertain the validity of the claim for credit
9 made under this section and may adopt rules necessary to
10 effectuate the purpose of this section pursuant to chapter 91."

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

13 SECTION 4. This Act shall take effect on January 1, 2020
14 and shall apply to taxable years beginning after December 31,
15 2006.



Report Title:

Renewable Energy Technologies; Tax Credit; Fuel Cell Systems

Description:

Expands the renewable energy technologies tax credit to include fuel cell systems. (HB840 HD1)

