



GOV. MSG. NO. **909**

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

June 7, 2007

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on June 7, 2007, the following bill was signed into law:

SB1222 SD3 HD2 CD1

A BILL FOR AN ACT RELATING TO INCOME
TAXATION.
(ACT 151)

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

JUN 7 2007

on _____
THE SENATE
TWENTY-FOURTH LEGISLATURE, 2007
STATE OF HAWAII

ACT 151
S.B. NO. 1222
S.D. 3
H.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO INCOME TAXATION.

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 to read as follows:

16 "§235-129 Tax credits. (a) For purposes of section
17 235-55, each resident shareholder shall be considered to have
18 paid a tax imposed on the shareholder in an amount equal to the
19 shareholder's pro rata share of any net income tax paid by the S
20 corporation to a state [~~which~~] that does not measure the income
21 of S corporation shareholders by the income of the S
22 corporation. For purposes of the preceding sentence, the term



1 "net income tax" means any tax imposed on or measured by a
2 corporation's net income.

3 (b) Each shareholder of an S corporation shall be allowed
4 a credit against the tax imposed by section 235-51 in an amount
5 equal to the shareholder's pro rata share of the tax [~~credits~~
6 ~~described in sections 209E-10, 235-12, 235-71(e), 235-55.91,~~
7 ~~235-110.6, 235-110.7, and 235-110.8. With the exception of the~~
8 ~~credit allowed by section 235-12, nonresident shareholders shall~~
9 ~~be allowed the credits allowed to resident shareholders which~~
10 ~~are earned by the S corporation in this State. The credit~~
11 ~~allowed by section 235-12 shall be allowed to nonresident~~
12 ~~shareholders to the extent the credit is earned by virtue of~~
13 ~~property purchased and placed in service in this State.] credit
14 earned by the S corporation in this State."~~

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 Statutory material to be repealed is bracketed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

17 SECTION 4. This Act shall take effect upon its approval
18 and shall apply to taxable years beginning after December 31,
19 2006.



S.B. NO. 1222
S.D. 3
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GOVERNOR OF THE STATE OF HAWAII

Approved this day: JUN 7 2007