



# HI State Tax Credit - Business



## Solar and Wind Energy Credit (Corporate) 2012 Program Overview

<b>State:</b>	Hawaii
<b>Incentive Type:</b>	Corporate Tax Credit
<b>Eligible Renewable/Other Technologies:</b>	Solar Water Heat, Solar Space Heat, Photovoltaics, Wind
<b>Applicable Sectors:</b>	Commercial, Residential, Multi-Family Residential
<b>Amount:</b>	Solar Thermal and PV: 35%; Wind: 20%
<b>Maximum Incentive:</b>	Varies by technology and property type (see summary for details)
<b>Eligible System Size:</b>	Not specified
<b>Equipment Requirements:</b>	System must be new and in compliance with all applicable performance and safety standards.
<b>Carryover Provisions:</b>	Excess credit may be carried forward until exhausted.
<b>Start Date:</b>	7/1/2009
<b>Expiration Date:</b>	None
<b>Web Site:</b>	<a href="http://www.hawaii.gov/dbedt/info/energy/renewable/solar">http://www.hawaii.gov/dbedt/info/energy/renewable/solar</a>
<b>Authority 1:</b> <b>Date Enacted:</b> <b>Date Effective:</b> <b>Expiration Date:</b>	<u>HRS §235-12.5</u> 1976, subsequently amended 7/1/2003 None
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<b>Authority 2:</b> <b>Date Enacted:</b> <b>Date Effective:</b>	<u>HB 1464</u> 6/25/2009 7/1/2009
<b>Authority 3:</b> <b>Date Enacted:</b> <b>Date Effective:</b>	<u>SB 464</u> 6/25/2009 7/1/2009



# HI State Tax Credit - Corporate



## Solar and Wind Energy Credit (Corporate) 2012

### Summary

**NOTE: As of January 1, 2010, there are limitations on the tax credit for systems installed on new residential construction. See discussion of HB 1464 below for more information.**

Originally enacted in 1976, the Hawaii Energy Tax Credits allow individuals or corporations to claim an income tax credit of 20% of the cost of equipment and installation of a wind system and 35% of the cost of equipment and installation of a solar thermal or photovoltaic (PV) system.\*

For solar thermal energy systems, the maximum allowable credits are as follows:

Single family residential property is eligible for a credit of 35% of the actual cost or \$2,250, whichever is less;

Multi-family residential property is eligible for a credit of 35% of the actual cost or \$350 per unit, whichever is less; and

Commercial property is eligible for a credit of 35% of the actual cost or \$250,000, whichever is less.

For photovoltaic systems, the maximum allowable credits are as follows:

Single family residential property is eligible for a credit of 35% of the actual cost or \$5,000, whichever is less;

Multi-family residential property is eligible for a credit of 35% of the actual cost or \$350 per unit, whichever is less; and

Commercial property is eligible for a credit of 35% of the actual cost or \$500,000, whichever is less.

For wind powered energy systems the maximum allowable credits are as follows:

Single family residential property is eligible for a credit of 20% of the actual cost or \$1,500, whichever is less;

Multi-family residential property is eligible for a credit of 20% of the actual cost or \$200 per unit, whichever is less; and

Commercial property is eligible for a credit of 20% of the actual cost or \$500,000, whichever is less.

For a system that is business property, it is important to note that the costs that exceed the amount allowable for the maximum energy tax credit may be used for the Capital Goods Excise tax credit. In addition, for taxable years beginning after December 31, 2005, the dollar amount of any utility rebate must be deducted from the cost of the qualifying system and its installation before applying the state tax credit.



# HI State Tax Credit - Corporate



## Solar and Wind Energy Credit (Corporate) 2012

### Summary - Continued

A new provision was added to the tax credits in June 2009, with the passage of SB 464. This legislation, effective July 1, 2009, allows the tax credit to be refundable under certain conditions. For solar energy systems, a taxpayer can reduce the eligible credit amount by 30%. If this reduced amount exceeds the amount of income taxes to be paid by the taxpayer, the excess credit will be refunded to the taxpayer. For renewable energy systems, the tax credit may be refunded to certain qualified taxpayers, including taxpayers whose entire income is exempt or whose adjusted gross income is \$20,000 or less (or \$40,000 or less if filing jointly).

For wind powered energy systems the maximum allowable credits are as follows:

Single family residential property is eligible for a credit of 20% of the actual cost or \$1,500, whichever is less;

Multi-family residential property is eligible for a credit of 20% of the actual cost or \$200 per unit, whichever is less; and

Commercial property is eligible for a credit of 20% of the actual cost or \$500,000, whichever is less.

For a system that is business property, it is important to note that the costs that exceed the amount allowable for the maximum energy tax credit may be used for the Capital Goods Excise tax credit. In addition, for taxable years beginning after December 31, 2005, the dollar amount of any utility rebate must be deducted from the cost of the qualifying system and its installation before applying the state tax credit.

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## Solar and Wind Energy Credit (Corporate) 2012

### Background:

Since originally enacted in 1976, the Hawaii Energy Tax Credits have been amended several times. As a result of [SB 855](#) in 2003, the tax credits were revised and extended to the end of 2007. [SB 3162](#) of 2004, allowed for a credit that exceeds the taxpayer's income tax liability to be carried forward to subsequent years until exhausted. [HB 2957](#), enacted in June 2006, removed the credit's sunset date, increased the maximum credit for some applications, and eliminated the provision that required new federal tax credits to be deducted from the actual cost before calculating the state tax credit.

[SB 644](#) discontinued the personal tax credit for solar water heating installations on new home construction after December 31, 2009. This legislation also disallowed residential home developers to take the tax credit for solar water heating installations in 2009.

### Contact:

\* The Hawaii Department of Taxation issued [guidance](#) on May 3, 2010. This guidance clarified the definition of a "system," especially with respect to the use of micro-inverters. The Department of Taxation emphasized in new guidance that the number of inverters does not determine the number of systems; rather, the number of connections to the electrical system determines the number of systems.

### Information Specialist

Hawaii Department of Taxation

Taxpayer Services Branch

P.O. Box 259

Honolulu, HI 96809

Phone: (808) 587-4242

E-Mail: [Taxpayer.Services@hawaii.gov](mailto:Taxpayer.Services@hawaii.gov)

Web Site: <http://www.state.hi.us/tax>

City and County of Honolulu - Real Property Tax Exemption for Alternative Energy Improvements





# HI State Tax Credit - Corporate



## City and County of Honolulu - Real Property Tax 2012 Exemption for Alternative Energy Improvements

<b>State:</b>	Hawaii
<b>Incentive Type:</b>	Property Tax Incentive
<b>Eligible Renewable/ Other Technologies:</b>	Solar Water Heat, Solar Thermal Electric, Photovoltaics, Landfill Gas, Wind, Biomass, Municipal Solid Waste, CHP/Cogeneration, Solar Pool Heating, Anaerobic Digestion, Tidal Energy, Wave Energy
<b>Applicable Sectors:</b>	Commercial, Industrial, Residential
<b>Amount:</b>	100% exemption for 25 years.
<b>Start Date:</b>	10/1/2009
<b>Authority 1: Date Effective:</b>	<u>Honolulu City Council Bill 58</u> 10/1/2009

### Summary

In September 2009, the Honolulu City Council unanimously passed Bill 58 to create a real property tax exemption for alternative energy improvements. This bill became effective October 1, 2009. The alternative energy property installed on a building, property, or land is exempt from property taxes for 25 years. For the purposes of this property tax exemption, alternative energy sources include solar, wind, hydropower, tidal, wave, solid waste and increased efficiency in fossil-fuel burning facilities. Energy sources based on fossil fuels, nuclear fuels or geothermal energy are not eligible for this exemption.

# HI State Tax Credit - Corporate



## Energy Solutions Business Appliance Rebates and Customized Incentives Program 2012 Program Overview

<b>State:</b>	Hawaii
<b>Incentive Type:</b>	State Rebate Program
<b>Eligible Efficiency Technologies:</b>	Water Heaters, Lighting, Lighting Controls/Sensors, Chillers, Heat pumps, Central Air conditioners, Heat recovery, Windows, Motors, Processing and Manufacturing Equipment, Custom/Others pending approval, Booster Pump
<b>Applicable Sectors:</b>	Commercial, Industrial
<b>Amount:</b>	<p>Lighting: \$2.50 - \$85 (retrofits), \$1 - \$50 (new construction)</p> <p>A/C Units: \$80 - \$160 per ton; and \$40 - \$60 per EER above qualifying efficiency</p> <p>A/C Chillers: \$20 per ton + \$250 per kW/ton less than qualifying efficiency</p> <p>Window A/C Unit: \$50 per EER point above qualifying efficiency + \$70 per ton</p> <p>Occupancy Sensors: \$20</p> <p>Window Film Shading: \$1 per square foot</p> <p>Motors: \$6 - 15 per horsepower</p> <p>HVAC Fan/Pump VFD: \$50 - \$80 per horsepower</p> <p>Booster Pump: \$2,100 + (\$80 per system horsepower reduced)</p> <p>Custom: \$0.05 - \$0.08 per kWh reduced (first year savings); and \$100-125 per kW reduced (depending on time of day)</p>
<b>Maximum Incentive:</b>	Varies by technology
<b>Equipment</b>	All room (window) air conditioners must



# HI State Tax Credit - Corporate



## Energy Solutions Business Appliance Rebates and Customized Incentives Program 2012

### Program Overview

<b>Amount:</b>	Lighting: \$2.50 - \$85 (retrofits), \$1 - \$50 (new construction) A/C Units: \$80 - \$160 per ton; and \$40 - \$60 per EER above qualifying efficiency A/C Chillers: \$20 per ton + \$250 per kW/ton less than qualifying efficiency Window A/C Unit: \$50 per EER point above qualifying efficiency + \$70 per ton Occupancy Sensors: \$20 Window Film Shading: \$1 per square foot Motors: \$6 - 15 per horsepower HVAC Fan/Pump VFD: \$50 - \$80 per horsepower Booster Pump: \$2,100 + (\$80 per system horsepower reduced) Custom: \$0.05 - \$0.08 per kWh reduced (first year savings); and \$100-125 per kW reduced (depending on time of day)
<b>Maximum Incentive:</b>	Varies by technology
<b>Equipment Requirements:</b>	All room (window) air conditioners must be Energy Star rated. All Packaged, Split Systems and Chiller cooling equipment must meet Air-Conditioning and Refrigeration Institute standards. Motor (3-phase) Must be NEMA Premium Efficient Rated .
<b>Funding Source:</b>	Public Benefits Fund
<b>Web Site:</b>	<a href="http://www.hawaiienergy.com/59/for-your-business">http://www.hawaiienergy.com/59/for-your-business</a>



# HI State Tax Credit - Corporate



## Energy Solutions Business Appliance Rebates and Customized Incentives Program 2012 Program Overview

### Summary

As part of the Energy Solutions Business program, the Hawaii Energy Efficiency Program provides rebates for purchases of individual energy-efficient appliances. These rebates are available to customers of HECO, HELCO, and MECO as part of Hawaii's public benefits fund administered by Hawaii Energy.

Rebates vary based on energy savings, whether the purchase is for retrofitting or new construction, and in some cases, size of equipment. These rebates cover many of the energy-efficiency options for businesses, and those that are not covered specifically may fit into the Customized Incentives Program, which includes (but is not limited to) window tinting, adjustable speed drives, air conditioning system improvements, process heat recovery, booster pump, heat pump water heaters, and solar water heating.

Please refer to the program website for more information.

### Contact:

**Derrick Sonoda**

**Hawaii Energy Efficiency Program**

**PO Box 2040**

**Honolulu, HI 96805**

**Phone: (808) 537-5577**

**Fax: (808) 441-6068**

**E-Mail: [derrick.t.sonoda@saic.com](mailto:derrick.t.sonoda@saic.com)**

**Web Site: <http://www.hawaiienergy.com>**