

HI State Tax Credit - Residential



Solar Tax Credits and Incentives 2012 Solar and Wind Energy Credit (Personal) Program Overview

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

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Authority 2: Date Enacted: Date Effective:	<u>HB 1464</u> 6/25/2009 7/1/2009
Authority 3: Date Enacted: Date Effective:	<u>SB 464</u> 6/25/2009 7/1/2009

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Originally enacted in 1976, the Hawaii Energy Tax Credits allow individuals or corporations to claim an income tax credit of 20% of the cost of equipment and installation of a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.

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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.

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).

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.

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* 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.

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HI State Tax Credit - Residential



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

State:	Hawaii
Incentive Type:	Property Tax Incentive
Eligible Renewable/Other Technologies:	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
Applicable Sectors:	Commercial, Industrial, Residential
Amount:	100% exemption for 25 years.
Start Date:	10/1/2009
Authority 1:	Honolulu City Council Bill 58
Date Effective:	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.