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August 3, 2004

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2004-04

RE: Act 97, Session Laws of Hawaii 2004, Relating to Renewable Energy Technologies Income Tax Credit (Act 97)

On June 2, 2004, the Governor signed S.B. No. 3162, SD 1, HD 1, CD 1 into law as Act 97. Act 97 provides clarifications to the renewable energy technologies income tax credit that was enacted by Act 207, SLH 2003.

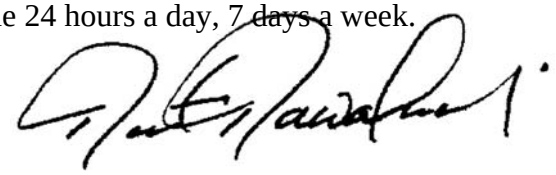
Section 1 of Act 97 amends the credit provisions as follows:

Clarifies that the tax credit may be claimed for every eligible renewable energy technology system that is installed and placed in service by a taxpayer during the taxable year;
Provides that the credit is available for systems installed and placed into service after June 30, 2003;
Further clarifies that in the case of a partnership, S corporation, estate or trust, the tax credit allowable is for every eligible renewable energy technology system that is installed and placed into service by that entity;
Explains that the cost upon which the tax credit is computed shall be determined at the entity level;
Sets forth that distribution and share of credit shall be determined pursuant to section 235-110.7(a), HRS;
Permits excess tax credits to be used as a credit in subsequent years, until exhausted; and
Requires that all claims for this tax credit must be filed within 12 months of the taxable year for which the credit may be claimed.

Section 2 of Act 97 amends section 241-4.6, HRS, to allow financial institutions to claim the renewable energy technologies income tax credit, section 235-12.5, HRS.

The amendments made will allow eligible taxpayers to claim the renewable energy technologies income tax credit, section 235-12.5, HRS, for taxable years beginning after December 31, 2002, for systems installed after June 30, 2003.

Current forms and other tax information are available at the Department's website at: www.state.hi.us/tax. If you know which tax form or publication you need, please call the Department's request line at 808-587-7572, or toll-free from the neighbor islands and continental U.S. at 1-800-222-7572. This service is available 24 hours a day, 7 days a week.



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HRS Sections Explained: HRS sections 235-12.5 and 241-4.6.