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July 20, 2006

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2006-11

RE: Act 240, Session Laws of Hawaii 2006, Relating to Energy

On June 26, 2006, Governor Linda Lingle signed into law Senate Bill 2957, SD 2, HD 2, CD 1, as Act 240. Act 240 provides a framework for Hawaii's sustainable energy independence and self-sufficiency. Among other things, Act 240 increases certain renewable energy technology income tax credits.

Section 235-12.5, Hawaii Revised Statutes, is amended to increase the cap on renewable energy income tax credit for the following renewable energy technology systems installed and placed in service:

Solar thermal energy systems:
$2,250 for single-family residential property

Wind-powered energy systems:
$500,000 for commercial property

Photovoltaic energy systems:
$5,000 for single-family residential property
$500,000 for commercial property

Act 240 also amends Section 235-12.5 by eliminating the requirement that the cost of installing the system be first reduced by any similar federal energy tax credit for taxable years beginning after December 31, 2005.

Finally, the sunset date for the renewable energy technology income tax credit is eliminated.

The tax provisions of Act 240 take effect upon approval, applying to taxable years beginning after December 31, 2005. Provided, however, that the increased tax credits are available only to eligible renewable energy technology systems installed after July 1, 2006

For more information on Act 240, please contact the Rules Office at (808) 587-1577.



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