NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR

FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1530
FAX NO: (808) 587-1584

January 7, 2014

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2014-01

RE: Adoption of New Hawaii Administrative Rules sections 18-235-12.5-01 through 18-235-12.5-06, Relating to the Renewable Energy Technologies Income Tax Credit

The Department of Taxation (Department) announces the adoption of new sections 18-235-12.5-01 through 18-235-12.5-06, Hawaii Administrative Rules (HAR), which became effective January 2, 2014.

Summary of New Rules:

A. §18-235-12.5-01 – Adds definitions for multiple terms used in section 235-12.5, Hawaii Revised Statutes (HRS), as well as in these newly adopted HAR. Terms defined include: "actual cost", "commercial property", "installed and placed in service", "mixed-use property", "multi-family residential property", "property", "renewable energy technology system", "residence", "single-family residential property", "Standard Test Conditions", and "total output capacity."

B. §18-235-12.5-02 – Reserved.

C. §18-235-12.5-03(a) – Sets forth the "total output capacity requirements" for solar energy systems as follows:

- Single-family residential property – 5 kilowatts per system
- Multi-family residential property – 0.360 kilowatts per unit per system
- Commercial property – 1,000 kilowatts per system

D. §18-235-12.5-03(b) – Provides exceptions from the "total output capacity" requirements where only one system has been installed and placed in service and where more than one system has been installed and placed in service, but only one of those systems fails to meet the "total output capacity" requirements.

E. §18-235-12.5-04 – Reserved.

F. §18-235-12.5-05 – Deals with allocating the credit in situations where there are multiple

properties or mixed-use properties.

G. §18-235-12.5-06 – States that these rules are effective for renewable energy technology systems installed and placed in service on or after January 1, 2013.

For more information please see Tax Information Release No. 2012-01. Copies of the rules are available at the Department's website at: tax.hawaii.gov, the Lieutenant Governor's website, and at the district tax offices.

If you have any further questions, please contact the Department's customer service representatives at 587-4242, or toll-free from the neighbor islands and the continental U.S. at 1-800-222-3229.

FREDERICK D. PABLO
Director of Taxation

HAR Sections Explained: Sections 18-235-12.5-01 through 18-235-12.5-06