

Available Tax Credits

Solar Thermal System (solar water heaters) 35% tax credit	<u>Effective Dates</u> 7/1/2003 – 1/1/2008 (installed and placed in service)
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Single family residential property: 35% of actual cost or \$1,750, whichever is less.

Multi-family residential property: 35% of actual cost or \$350 per unit, whichever is less.

Commercial property: 35% of actual cost or \$250,000, whichever is less.

Photovoltaic (PV) System 35% tax credit	<u>Effective Dates</u> 7/1/2003 – 1/1/2008 (installed and placed in service)
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Single family residential property: 35% of actual cost or \$1,750, whichever is less.

Multi-family residential property: 35% of actual cost or \$350 per unit, whichever is less.

Commercial property: 35% of actual cost or \$250,000, whichever is less.

Wind System 20% tax credit	<u>Effective Dates</u> 7/1/2003 – 1/1/2008 (installed and placed in service)
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Single family residential property: 20% of actual cost or \$1,500, whichever is less.

Multi-family residential property: 20% of actual cost or \$200 per unit, whichever is less.

Commercial property: 20% of actual cost or \$250,000, whichever is less.

Multiple owners of a single system (solar thermal, PV, or wind) are entitled to a single tax credit that shall be apportioned between the owners in proportion to their contribution to the cost of the system.



General Information

1. All tax credits apply only to the actual cost of the system, including accessories and installation. They do not include consumer incentives and costs for which another credit is claimed.
2. The tax credit shall be claimed against net income tax liability for the year in which the energy system was purchased and placed in use in Hawaii. You can only claim the credit if you owe taxes; the credit is not refundable to residents who don't have a tax liability.
3. Tax credits that exceed the taxpayer's income tax liability may be used as credit against income tax liability in subsequent years until exhausted.
4. The State Director of Taxation may require the taxpayer to furnish reasonable information to support the claim for credits.
5. "Renewable energy technology system" means a system that captures and converts a renewable source of energy, such as wind, heat (solar thermal), or light (photovoltaic) from the sun into:
 - a) A usable source of thermal or mechanical energy;
 - b) Electricity; or
 - c) Fuel.
6. "Solar or wind energy system" means any identifiable facility, equipment, apparatus, or the like that converts insolation or wind energy to useful thermal or electrical energy for heating, cooling, or reducing the use of other types of energy that are dependent upon fossil fuel for their generation.
7. The dollar amount of any new federal energy tax credit similar to the credit provided in this section that is established after June 30, 2003, and any utility rebate, shall be deducted from the cost of the qualifying system and its installation before applying the state tax credit.
8. Additions to existing systems and new systems for second homes qualify for this credit. However, repairs to existing systems do not qualify.

Questions on this State tax credit may be addressed to the Taxpayers Services Branch, State Department of Taxation, 587-4242. Neighbor Island residents call toll free, 1-800-222-3229.

