

STATE OF HAWAII—DEPARTMENT OF TAXATION  
**INSTRUCTIONS FOR FORM N-334**  
**RENEWABLE ENERGY TECHNOLOGIES INCOME TAX CREDIT**  
(FOR SYSTEMS INSTALLED AND PLACED IN SERVICE BEFORE JULY 1, 2009)

**CHANGES YOU SHOULD NOTE**

Act 151, Session Laws of Hawaii 2007, made the following changes to the provisions of the renewable energy technologies income tax credit:

For taxable years beginning after December 31, 2006:

- All energy technology systems must be installed and placed in service in the State of Hawaii to obtain the credit.
- Nonresident taxpayers can now claim the credit.

**GENERAL INSTRUCTIONS**

**Note:** For systems installed and placed in service on or after July 1, 2009, use Form N-342.

**Note:** If you are claiming the Ethanol Facility Tax Credit, no other credit can be claimed for the same taxable year.

**REQUIREMENTS FOR CLAIMING TAX CREDIT**

Each individual or corporate taxpayer may claim a tax credit against the Hawaii net income tax or franchise tax liability for an eligible renewable energy technology system installed and placed in service in Hawaii. The tax credit shall apply only to the actual cost of the solar thermal, wind-powered, or photovoltaic energy system, including their accessories and installation, and shall not include the cost of consumer incentive premiums unrelated to the operation of the system or offered with the sale of the system (such as "free gifts", offers to pay electricity bills, or rebates) and costs for which another credit is claimed. For taxable years beginning after December 31, 2005, the dollar amount of any utility rebate shall be deducted from the cost of the qualifying system and its installation before determining the State credit. Tax credits that exceed your income tax liability are not refunded but may be used as a credit against your income tax liability in subsequent years until exhausted. **All claims for credit, including any amended claims, must be filed on or before the twelfth month following the close of the taxable year for which the credit may be claimed.**

Multiple owners of a single renewable energy technology system shall be entitled to a single tax credit. Further, the tax credit shall be apportioned between the owners in proportion to their contribution to the cost of the system. The tax credit may be claimed for the following renewable energy technology systems installed and placed in service in Hawaii:

Type of Renewable Energy Technology System	Tax Credit Rate
<b>1. Solar thermal energy systems</b>	
a. Single-family residential property	The lesser of 35% of the actual cost of the system or \$2,250.
b. Multi-family residential property	Per building unit: The lesser of 35% of each unit's actual cost of the system or \$350.
c. Commercial property	The lesser of 35% of the actual cost of the system or \$250,000.
<b>2. Wind-powered energy systems</b>	
a. Single-family residential property	The lesser of 20% of the actual cost of the system or \$1,500.
b. Multi-family residential property	Per building unit: The lesser of 20% of each unit's actual cost of the system or \$200.
c. Commercial property	The lesser of 20% of the actual cost of the system or \$500,000.

<b>3. Photovoltaic energy systems</b>	
a. Single-family residential property	The lesser of 35% of the actual cost of the system or \$5,000.
b. Multi-family residential property	Per building unit: The lesser of 35% of each unit's actual cost of the system or \$350.
c. Commercial property	The lesser of 35% of the actual cost of the system or \$500,000.

**DEFINITIONS**

**FOR PURPOSES OF THE TAX CREDIT**

"Actual cost" means costs related to the renewable energy technology systems provided by section 235-12.5(a), HRS, including accessories and installation, but not including the cost of consumer incentive premiums unrelated to the operation of the system or offered with the sale of the system and costs for which another credit is claimed under Chapter 235, HRS.

"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:

- (1) A usable source of thermal or mechanical energy;
- (2) Electricity; or
- (3) Fuel.

"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.

**SPECIFIC INSTRUCTIONS**

**Note:** Multiple owners of a single system are entitled to a single tax credit. This means that if two people purchased and installed an eligible renewable energy technology system in Hawaii and they jointly incur \$6,000 in costs for the system, the total credit claimed by the two people cannot exceed \$2,250 for a solar thermal energy system, \$1,500 for a wind-powered energy system, or \$5,000 for a photovoltaic energy system.

Be sure to enter the date each system was installed and placed in service in the appropriate space.

**Lines 1 through 47** — Fill in the lines as they apply to your claim.

**Lines 1, 11, 16, 26, 31, and 41** — Enter the qualifying cost of the eligible renewable energy technology system installed and placed in service in Hawaii. Do not include that portion of the costs for consumer incentive premiums unrelated to the operation of the system or offered with the sale of the system (such as "free gifts", offers to pay electricity bills, or rebates). Do not include that portion of the costs for which another tax credit was claimed under Hawaii's income tax law for the taxable year. Do not claim more than your share of the costs if there are multiple owners of the eligible renewable energy technology system.

**Lines 5, 20, and 35** — The per unit cost of a solar thermal, wind-powered, or photovoltaic energy system installed and placed in service in Hawaii in a multi-family residential property may be determined as follows:

$$\frac{\text{Total square feet of your unit}}{\text{Total square feet of all units in the multi-family residential property}} \times \text{The actual cost of the system}$$

If the above per unit cost calculation, does not fairly represent the owners' contribution to the cost of the system, provide alternative calculation.

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**Tax Liability Limitations**

**Line 49** — Enter the tax liability before any credits from the appropriate line of your tax return.

**Line 50** — The law required that ALL other credits offset a taxpayer's tax liability BEFORE allowing a renewable energy technologies income tax credit. **Complete the *Credit Worksheet*** in these instructions and enter the result on line 50.

**Line 52** — Compare the amounts on lines 48 and 51. Enter the smaller of line 48 or 51 here. This is your maximum credit allowed for this taxable year.

**Tax credit to be deducted from income tax liability.**

Tax credits which exceed the taxpayer's net income tax liability may be used as a credit against the taxpayer's net income tax liability in subsequent years until exhausted.

<b>CREDIT WORKSHEET</b>	
<b>Tax Credit</b>	<b>Amount</b>
a. High Technology Investment Tax Credit for investments made after April 30, 2009 .....	_____
b. Ethanol Facility Tax Credit.....	_____
c. Income Taxes Paid to Another State or Foreign Country .....	_____
d. Enterprise Zone Tax Credit .....	_____
e. Carryover of the Energy Conservation Tax Credit.....	_____
f. Credit for Employment of Vocational Rehabilitation Referrals .....	_____
g. Carryover of the Individual Development Account Contribution Tax Credit .....	_____
h. Credit for School Repair and Maintenance .....	_____
i. Ko Olina Resort and Marina Attractions and Educational Facilities Tax Credit .....	_____
j. Add lines a through i. Enter the amount here and on line 50. ....	=====