

STATE OF HAWAII - DEPARTMENT OF TAXATION  
**INSTRUCTIONS FOR FORM N-352**  
**RENEWABLE FUELS PRODUCTION**  
**TAX CREDIT**

**GENERAL INSTRUCTIONS**

**PURPOSE OF FORM**

Use Form N-352 to figure and claim the renewable fuels production tax credit under section 235-110.31, Hawaii Revised Statutes (HRS).

**WHO MAY CLAIM THIS CREDIT**

For taxable years beginning AFTER December 31, 2016, and BEFORE December 31, 2021, each taxpayer producing renewable fuels that are certified by the Department Business, Economic Development, and Tourism (DBEDT) may claim a nonrefundable renewable fuels production tax credit.

**FLOW-THROUGH ENTITIES**

In the case of a partnership, S corporation, estate, or trust, the tax credit allowable shall be determined at the entity level. Distribution and share of the credit shall be determined pursuant to section 704(b) (with respect to partner's distributive share) of the Internal Revenue Code.

**CREDIT REQUIREMENTS**

The tax credit is the lesser of 20 cents per seventy-six thousand British thermal units of renewable fuels using the lower heating value sold for distribution in Hawaii or \$3,000,000 per taxable year. The taxpayer's production of renewable fuels cannot be less than fifteen billion British thermal units of renewable fuels per year.

No other tax credit may be claimed under this chapter for the costs related to renewable fuels production that are used to properly claim a tax credit under this section for the taxable year.

To claim this credit, you must complete and attach to your Hawaii income tax return:

- (1) Form N-352 (Complete Part II and attach.)
- (2) Schedule CR (Not required if you file Form N-40 for fiduciary's share of the credit.)
- (3) Schedule K-1 (Required only if you are a member of a flow-through entity claiming a credit for the entity's renewable fuels production.)

If the credit exceeds the taxpayer's net income tax liability, the excess of credit over liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted.

**DEADLINE FOR CLAIMING THE CREDIT**

The deadline to claim the credit, including amended claims, is 12 months after the close of your taxable year. You cannot claim or amend the credit after the deadline.

**DEFINITIONS FOR PURPOSES OF THE CREDIT**

"Credit period" means a maximum period of five consecutive years, beginning from the first taxable year in which a taxpayer begins renewable fuels production at a level of at least fifteen billion British thermal units of renewable fuels per year.

"Renewable feedstocks" means:

- (1) Biomass crops;
- (2) Agricultural residues;
- (3) Oil crops, including but not limited to algae, canola, jatropha, palm, soybean, and sunflower;
- (4) Sugar and starch crops, including but not limited to sugar cane and cassava;
- (5) Other agricultural crops;
- (6) Grease and waste cooking oil;
- (7) Food wastes;
- (8) Municipal solid wastes and industrial wastes;

- (9) Water; and
- (10) Animal residues and wastes, that can be used to generate energy.

"Renewable fuels" means fuels produced from renewable feedstocks; provided that:

- (1) The fuels shall be sold as a fuel; and
- (2) The fuels meet the relevant ASTM International specifications for the particular fuel or other industry specifications for liquid or gaseous fuels, including but not limited to:
  - (A) Methanol, ethanol, or other alcohols;
  - (B) Hydrogen;
  - (C) Biodiesel or renewable diesel;
  - (D) Biogas;
  - (E) Other biofuels; or
  - (F) Renewable jet fuel or renewable gasoline.

**CERTIFICATION OF CREDITS**

DBEDT shall:

- (1) Verify the amount and type of renewable fuels produced and sold, including the purpose for which the fuel was produced;
- (2) Total all renewable fuels production that DBEDT certifies for purposes of paragraph (3); and
- (3) Certify the total amount of the tax credit for each taxable year and the cumulative amount of the tax credit during the credit period.

Upon each determination, DBEDT shall issue a certificate to the taxpayer verifying the amount of renewable fuels produced and sold, the credit amount certified for each taxable year, and the cumulative amount of the tax credit during the credit period. The taxpayer shall file the certificate with the taxpayer's tax return with the Department of Taxation. Notwithstanding DBEDT's certification authority, the Director of Taxation may audit and adjust the certification to conform to the facts.

If in any taxable year the annual amount of certified credits reaches \$3,000,000 in the aggregate, DBEDT shall immediately discontinue certifying credits for that taxable year and notify the Department of Taxation.

The request for certification to claim the Renewable Fuels Production Tax Credit may be obtained from:

DBEDT  
Hawaii State Energy Office  
235 S. Beretania Street, 5th Floor  
Honolulu, Hawaii 96813

Telephone: (808) 587-3807

Email: [dbedt.energyoffice@hawaii.gov](mailto:dbedt.energyoffice@hawaii.gov)

**SPECIFIC INSTRUCTIONS**

**Part II, Computation of Tax Credit**

**Line 2** - If you are claiming your share of the renewable fuels production tax credit from a partnership, S corporation, estate or trust, then enter the amount here. Also, enter the name and federal employer identification number of any flow-through entity that has passed the tax credit through to you.

**Line 3** - This line is the carryover of unused renewable fuels production tax credit from the prior year.

**Line 4** - Add lines 1, 2 and 3. This is your tentative current year renewable fuels production tax credit.

Form N-20 filers, enter the amount on line 4 on Form N-20, Schedule K; skip lines 5 through 8 and continue to Part III. Form N-35 filers, enter

the amount on line 4 on Form N-35, Schedule K; skip lines 5 through 8; and continue to Part III. Form N-40 filers, enter the distributive share amount on Form N-40, Schedule K-1, for each beneficiary, otherwise, continue to line 5. All others continue to line 5.

**Line 6** - Certain other tax credits must be used to offset a taxpayer's tax liability before the renewable fuels production tax credit may be used. If you are claiming other nonrefundable tax credits, complete the **Credit Worksheet** on page 2 and enter the result on line 6. If you are not claiming any of the nonrefundable tax credits listed on the worksheet, enter zero on line 6.

**Line 8** - Compare the amounts on lines 4 and 7. Enter the smaller of line 4 or 7 here, rounded to the nearest dollar. This is your maximum credit allowed for this taxable year.

**Line 9** - This represents your carryover of unused renewable fuels production tax credit which exceed your net income tax liability and may be used as a credit against your net income tax liability in subsequent years until exhausted.

<b>RENEWABLE FUELS PRODUCTION TAX CREDIT WORKSHEET</b>	
<b>Tax Credit</b>	<b>Amount</b>
a. Income Taxes Paid to Another State or Foreign Country .....	_____
b. Enterprise Zone Tax Credit ....	_____
c. Carryover of the Energy Conservation Tax Credit.....	_____
d. Credit for Employment of Vocational Rehabilitation Referrals .....	_____
e. Carryover of the Individual Development Account Contribution Tax Credit .....	_____
f. Credit for School Repair and Maintenance .....	_____
g. Carryover of the Renewable Energy Technologies Income Tax Credit (For Systems Installed and Placed In Service Before July 1, 2009).....	_____
h. Renewable Energy Technologies Income Tax Credit (Nonrefundable) ..	_____
i. Cesspool Upgrade, Conversion, or Connection Income Tax Credit ....	_____
j. Low Income Housing Tax Credit .....	_____
k. Carryover of the High Technology Business Investment Tax Credit .....	_____
l. Carryover of the Technology Infrastructure Renovation Tax Credit .....	_____
m. Carryover of the Residential Construction and Remodeling Tax Credit.....	_____
n. Carryover of the Hotel Construction and Remodeling Tax Credit.....	_____
o. Capital Infrastructure Tax Credit .....	_____
p. Add lines a through o. Enter the amount here and on Part II, line 6.....	=====