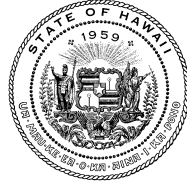


NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
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FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

January 9, 2012

Letter Ruling No. 2012-03

[redacted text]

Re: Renewable Energy Technologies Income Tax Credit -
Reaffirmation of Letter Ruling dated February 11, 2011

Dear [redacted text]:

This responds to your letter dated November 4, 2011 (the "Request"), wherein [redacted text] requested reaffirmation of the letter ruling dated February 11, 2011 ("Prior Ruling") regarding application of the Renewable Energy Technologies Income Tax Credit ("RETITC") under Section 235-12.5, Hawaii Revised Statutes ("HRS") notwithstanding the proposed change to the Project configuration and ownership as described in the Request.

Question Presented

You have asked whether the conclusions in the Prior Ruling may be relied on in light of the revised configuration of the Project and proposed change in ownership of [redacted text] as described in the Request.

Facts Represented by the Taxpayer

The Project configuration is substantially the same as described in the Prior Ruling, except that instead of one step-up transformer for each central inverter, each transformer now will be connected to two inverters, thus reducing the number of transformers from twelve to six. As certified by a licensed electrical engineer, this change will result in substantial cost savings and reduce the land area required for the Project, while continuing to meet the Utility's grid stability requirements. There are no changes in the non-tax purposes for the number of systems required by the Project.

In addition, a change in ownership of [redacted text] is planned from the ownership reflected in the letter issued February 11, 2011. In that letter, [redacted text] was the sole member of [redacted text] and therefore, for income tax purposes, [redacted text] was the taxpayer entitled to claim the RETITCs. [redacted text] will transfer all of the membership interests in [redacted text] before the Project is placed in service. [redacted text] will own the

Letter Ruling No. 2012-03

[redacted text]

January 9, 2012

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Project when it is placed in service and its members will be entitled to claim the RETITCs for the Project. Once [redacted text] has transferred all its membership interest in [redacted text], [redacted text] will not be entitled to claim the RETITCs associated with the Project.

Law and Analysis

A RETITC may be claimed for each eligible renewable energy technology system that is installed and placed into service in the State by a taxpayer during the taxable year. HRS § 235-12.5(a). The proposed change to the configuration of the Project will reduce the Project cost and land requirements, is for a legitimate business purpose and does not increase the claimed number of solar energy systems comprising the Project. There has been no change in applicable law since the issuance of the Prior Ruling. Thus, the conclusions in the Prior Ruling continue to be valid.

Conclusions

The conclusions set forth in the Prior Ruling are reaffirmed and may be relied upon by [redacted text], notwithstanding the proposed change to the configuration of the Project.

This ruling is applicable only to [redacted text] and its members and shall not be applied retroactively. It may not be used or cited as precedent by any other taxpayer.

The conclusions reached in this letter are based on our understanding of the facts that you have represented. If it is later determined that our understanding of these facts is not correct, the facts are incomplete, or the facts later change in any material respect, the conclusions in this letter will be modified accordingly.

[redacted text] have reviewed the redacted version of this ruling and agreed that it will be available for public inspection.

If you have any further questions regarding this matter, please call me (808) 587-5334. Additional information on Hawaii's taxes is available at the Department's website at www.state.hi.us/tax.

Sincerely,

JACOB L. HERLITZ
Administrative Rules Specialist