
A BILL FOR AN ACT

RELATING TO WATER CONSERVATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235- Residential water conservation system cost tax
5 credit. (a) There shall be allowed to each individual taxpayer
6 a residential water conservation system cost tax credit. The
7 credit shall be deductible from the taxpayer's net income tax
8 liability, if any, imposed by this chapter for the taxable year
9 in which the credit is properly claimed.

10 The amount of the tax credit shall be fifty per cent of the
11 cost of the construction of a new residential water conservation
12 system incurred after December 31, 2017, and paid during the
13 taxable year up to a maximum of \$1,000; provided that the
14 residential water conservation system shall be approved by the
15 department of health.

16 Multiple owners of a single system shall be entitled to a
17 single tax credit; provided that the tax credit shall be



1 apportioned between the owners in proportion to their
2 contribution to the cost of the system.

3 (b) No other credit may be claimed under this chapter for
4 any residential water conservation system costs for which a
5 credit is claimed under this section for the taxable year.

6 (c) If a deduction is taken under section 179 of the
7 Internal Revenue Code of 1986, as amended, no tax credit shall
8 be allowed for that portion of the residential water
9 conservation system costs for which the deduction was taken.

10 The basis of eligible property for depreciation or
11 accelerated cost recovery system purposes for state income taxes
12 shall be reduced by the amount of credit allowable and claimed.
13 No deduction shall be allowed for that portion of the
14 residential water conservation system costs for which a credit
15 is claimed under this section.

16 (d) In no event shall the total amount of any tax credit
17 under this section for a taxable year exceed the taxpayer's net
18 income tax liability. No unused tax credit shall be allowed to
19 be carried forward to apply to the taxpayer's succeeding years'
20 tax liability. No unused tax credit shall be allowed by the
21 taxpayer against prior years' tax liability.



1 All claims for a tax credit under this section shall be
2 filed on or before the end of the twelfth month following the
3 close of the taxable year for which the credit may be claimed.
4 Failure to comply with the foregoing provision shall constitute
5 a waiver of the right to claim the credit.

- 6 (e) The director of taxation shall:
- 7 (1) Prepare any forms that may be necessary to implement
8 the credit under this section; and
 - 9 (2) Require the taxpayer to furnish information to
10 ascertain the validity of the claim for the credit
11 made under this section.

12 The director may adopt rules pursuant to chapter 91 to
13 effectuate this section.

- 14 (f) As used in this section, "residential water
15 conservation system" means:
- 16 (1) The equipment and supplies used to construct a system
17 for the capturing, infiltrating, or utilizing of
18 rainfall from roofs, constructed catchment surfaces,
19 or other hard surfaces on a residential property; or
 - 20 (2) The equipment and supplies used to construct a system
21 for the collection and reuse of gray water or recycled



1 water, as those terms are defined in section 342D-1,
2 on a residential property."

3 SECTION 2. Section 342D-1, Hawaii Revised Statutes, is
4 amended by amending the definition of "recycled water" and
5 "reclaimed water" to read as follows:

6 ""Recycled water" and "reclaimed water" mean treated
7 wastewater, rain water, or storm water that by design is
8 intended or used for a beneficial purpose."

9 SECTION 3. New statutory material is underscored.

10 SECTION 4. This Act, upon its approval, shall apply to
11 taxable years beginning after December 31, 2017.

12



Report Title:

Residential Water Conservation System; Tax Credit

Description:

Creates a non-refundable income tax credit for construction costs of new residential water conservation systems incurred after December 31, 2017. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

