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GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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Testimony of
SUZANNE D. CASE
Chairperson

Before the Senate Committee on
WAYS AND MEANS

Thursday, March 31, 2016
9:05 AM
State Capitol, Conference Room 211

In consideration of
HOUSE BILL 2042, HOUSE DRAFT 2, SENATE DRAFT 1
RELATING TO WATER CONSERVATION

House Bill 2042, House Draft 2, Senate Draft 1 proposes to amend Chapter 174C, Hawaii Revised Statutes, to establish a water conservation rebate program within the Commission on Water Resource Management (Commission) and provides an appropriation of \$2,000,000 for Fiscal Year 2016-2017. **The Department of Land and Natural Resources supports this measure provided that this appropriation does not adversely impact appropriations for other priorities in the Executive Supplemental Budget request or any existing funding to the Department's programs, and offers the following comments:**

As an island state, Hawaii has limited access to natural fresh water supplies. Competition for fresh water, increasing population and development pressures, the rising awareness of environmental and cultural water needs, and the impacts of climate change require that Hawaii become as efficient as possible in its uses of limited fresh water supplies. The proposed water conservation rebate program will provide an incentive for residential households and commercial entities to construct or install water conservation systems that will reduce water use or waste in these settings.

The provision for the Commission to coordinate and contract with public water systems and utilities to implement the water conservation rebate program will allow the Commission to effectively implement the program with existing staff resources. SECTION 2 of this measure requires the Commission to submit a report of findings and recommendations, including whether the rebate program should be extended or not. Should this program be recommended for extension, additional appropriations will be needed to continue to fund the program.

Thank you for the opportunity to testify on this measure.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

KEKOA KALUHIWA
FIRST DEPUTY

JEFFREY T. PEARSON, P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
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HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS



HAWAI'I COMMUNITY FOUNDATION
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HawaiiCommunityFoundation.org

**Testimony of the
Hawai'i Community Foundation
on
H.B. 2042 HD 2 SD 1
Relating to Water Conservation
Senate Committee on Ways and Means**

31, 2016

Thursday, March

**9:05 A.M.
Conference**

Room 211

The Hawaii Community Foundation strongly supports H.B. 2042 HD2 SD1, which establishes a rebate program to support the adoption of residential water conservation systems.

The Hawaii Community Foundation (HCF) became concerned about long-term fresh water security issues in 2012, as research emerged from the University of Hawaii linking climate change and negative trends in Hawaii's fresh water supply. HCF assembled a blue ribbon panel of water stakeholders to provide collaborative solutions, and in concert with their recommendations launched the Hawaii Fresh Water Initiative in 2013. The Fresh Water Initiative has a goal of creating 100 million gallons per day in additional, reliable fresh water capacity by 2030.

HCF supports the findings of the Fresh Water Council and strongly supports the policy recommendations found in their "Blueprint for Action." One of the key recommendations from the Council is the establishment a statewide program to encourage the adoption of water saving devices in the home. H.B. 2042 HD 2 SD 1 will establish this important program.

HCF strongly supports H.B. 2042 HD 2 SD 1 and urges passage, and we stand ready to assist in helping implement this important program and all elements of the Council's "Blueprint for Action."



Wai Maoli

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HawaiiCommunityFoundation.org

Fresh Water Council Members

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*US Geological Survey
Liaison/Scientific Advisor to HCF

**Testimony of the
Hawai'i Fresh Water Council
on
H.B. 2042 HD 2 SD 1
Relating to Water Conservation
Senate Committee on Ways and Means
Thursday, March 31, 2016
9:05 A.M.
Conference Room 211**

The Hawaii Fresh Water Initiative strongly supports H.B. 2042 HD 2 SD1, which proposes to establish a residential water conservation system rebate.

The Hawaii Fresh Water Initiative was launched in 2013 and assembled our diverse Fresh Water Council to develop a forward-thinking and consensus-based strategy to increase water security for Hawaii. Our Council jointly and unanimously recommended key strategies and policies with an ultimate goal of creating 100 million gallons per day (mgd) in additional, reliable fresh water capacity by 2030. One of the key strategies to achieve this statewide water goal is to increase water conservation by 40 mgd over the next 15 years.

Several states facing water supply issues have successfully promoted the adoption of water saving devices, including rainwater harvesting systems to replace potable water use for yards and landscaping, soil moisture sensors for landscape irrigation, and water circulation pumps. The following considerations convinced the Council that encouraging water saving device adoption in Hawai'i homes should be a top priority:

- Among all 50 states, Hawai'i ranks in the top five in terms of our daily per capita water use at 156 gallons per day. Forty-four states use less than 120 gallons per day.
- The Honolulu Board of Water Supply estimates that up to half of all potable water delivered to residences is actually used for landscape irrigation.
- A single hot water recirculation pump is estimated to save 11,000 to 15,000 gallons of water per year in a typical home.

The rebate program established by H.B. 2042 HD 2 SD 1 has the potential to preserve hundreds of millions of gallons of fresh water per year, and is a critical component of a multi-pronged strategy to improve Hawaii's long-term water security.

For these reasons, we strongly support H.B. 2042 HD 2 SD 1, and request that the WAM Committee pass this measure.

Hawai'i Green Growth is a public-private partnership that coordinates across government, non-governmental and cultural organizations, business, academia and philanthropy to achieve Hawai'i's Aloha+ Challenge 2030 sustainability goals.

Steering Committee

Deanna Spooner
June Matsumoto
Matt Lynch
Mark Fox
Mike Hamnett
Piia Aarma
Pono Shim
Scott Enright
Scott Seu
Ulalia Woodside
William J. Aila Jr.

Testimony of Hawai'i Green Growth In Support of HB2042 HD2 SD1 Relating to Water Conservation Senate Committee on Ways and Means 31 March 2016, 9:05am, Room 211

Aloha Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

Hawai'i Green Growth (HGG) strongly supports HB2042 HD2 SD1 to create a refundable residential water conservation system cost tax credit for newly constructed systems beginning January 1, 2017.

Fresh water availability is critical for the Hawai'i's people, livelihoods, natural environment and economy. Based on global climate disruption, increasingly severe weather and natural disasters, and projected long-term decline of rainfall, there is an urgency to invest in Hawai'i's freshwater supplies. The *Aloha+ Challenge*, informed by diverse stakeholders and experts of the Fresh Water Council, sets a statewide freshwater target of 100 million gallons per day in additional, reliable fresh water capacity by 2030. Water conservation is among the least expensive and most efficient ways to increase the available supply of fresh water.

One of the key strategies to conserve water is to increase the use of non-potable water for irrigation and other non-potable uses. HB2042 HD2 SD1 establishes a tax credit equal to fifty-percent of the cost of installation of a water saving device in a residence, which is a good incentive to that promotes water capture, reuse and infiltration rather than runoff.

The *Aloha+ Challenge* is a statewide commitment by the State Legislature (SCR 69), Governor, Mayors and Office of Hawaiian Affairs launched in 2014 that outlines six ambitious, yet achievable sustainability goals for 2030 in the areas of clean energy, local food production, natural resource management, solid waste reduction, smart growth and climate resilience, green jobs and education. The *Aloha+ Challenge* was internationally recognized by the US State Department and Global Island Partnership at the UN Conference on Small Island Developing States in Samoa, and positions Hawai'i as a model of local implementation of the recently adopted UN Sustainable Development Goals.

As the host of the upcoming 2016 IUCN World Conservation Congress in September 2016, Hawai'i will have the opportunity further showcase the Hawai'i's leadership on sustainable development. HB2042 HD2 SD1 will help advance action on the *Aloha+ Challenge* 2030 goals, and demonstrate the state's strategic action to conserve long-term freshwater resources at the World Conservation Congress and beyond.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

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SUBJECT: INCOME, Water Conservation Rebate Program

BILL NUMBER: HB 2042, SD-1

INTRODUCED BY: Senate Committee on Water, Land, and Agriculture

EXECUTIVE SUMMARY: Proposes a rebate program for a residential water conservation system. Previous versions of the bill proposed an income tax credit for such devices, but the current draft of the bill is for a rebate program, which is much less of a burden on the tax system.

BRIEF SUMMARY: Adds a new section to HRS chapter 174C to establish a water conservation rebate program, to be administered by the commission on water resource management.

The total amount of rebates granted shall not exceed \$2 million in any calendar year.

Rebates granted shall not support greater than fifty per cent of the cost of a newly constructed water conservation system and shall not exceed \$1,000 per residential household per year and \$5,000 per commercial entity for water conservation systems per year.

Defines " water conservation systems" as equipment and supplies used to construct or install a device that materially and predictably reduces potable water use or waste in a residential or commercial setting as determined by the commission. The term may include rain barrels and cisterns, hot water circulation pumps, low-flow pre-rinse spray nozzles, soil moisture sensors as a component of an automatic irrigation system, air conditioning condensate capture, multi-unit water sub-meters, high efficiency toilets utilizing 1.28 gallons or less per flush, and other devices and apparatus as determined by the commission.

EFFECTIVE DATE: July 1, 2016.

STAFF COMMENTS: This measure is proposed to encourage taxpayers to purchase residential water conservation systems by allowing taxpayers to claim a rebate for up to half the cost of a system.

This approach is preferable to an income tax credit, which previous versions of this measure used, for two reasons. First, the tax system is the device that raises the money that they, lawmakers, like to spend. Using the tax system to shape social policy merely throws the revenue raising system out of whack, making the system less than reliable as it is very difficult to determine how many taxpayers will avail themselves of the credit and in what amount. Second, tax credits are nothing more than the expenditure of public dollars, but out the back door. If, in fact, these dollars were subject to the appropriation process, would taxpayers be as kind about the expenditure of these funds when students are roasting in our schools, or when there isn't enough money for social service programs?

Utilizing tax credits other than to alleviate an excessive tax burden cannot be justified and is of a questionable benefit relative to the cost for all taxpayers. Furthermore, a tax credit would require changes to tax forms and instructions, reprogramming, staff training, and other costs that could be massive in amount compared to the loss in revenue from the credit.

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Subject: *Submitted testimony for HB2042 on Mar 31, 2016 09:05AM*
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HB2042

Submitted on: 3/30/2016

Testimony for WAM on Mar 31, 2016 09:05AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Milholen	Individual	Support	No

Comments:

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HB2042

Submitted on: 3/30/2016

Testimony for WAM on Mar 31, 2016 09:05AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Kaily Wakefield	Individual	Support	No

Comments:

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