

STAND. COM. REP. NO. 3221

Honolulu, Hawaii

MAR 16 2022

RE: H.B. No. 1631
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Water and Land, to which was referred H.B. No. 1631, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO WATER CONSERVATION,"

begs leave to report as follows:

The purpose and intent of this measure is to create a nonrefundable water catchment income tax credit for homeowners who install a water catchment system meeting certain requirements on residential property in the State owned by the homeowner.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources and Honolulu Board of Water Supply. Your Committee received comments on this measure from the Department of Budget and Finance, Department of Taxation, and Tax Foundation of Hawaii.

Your Committee finds that water catchment systems can be cost-effective, reliable, and safe fresh water sources that reduce consumer demand on existing fresh water. Factors such as population growth, climate change, resource depletion, drought, and risks to groundwater are considerable threats to Hawaii's existing fresh water, prompting a need for innovative solutions to incentivize conservation and protection of water resources. Currently, the Hawaii Water Conservation Plan recognizes various rebate programs offered by municipal water departments as a proven



and effective way to reach its customers and reduce their water demands and water bills. While a tax credit is not identified as one of the recommended programs within the Hawaii Water Conservation Plan, the creation of a tax credit may incentivize water conservation efforts in Hawaii for residential property owners who may not be customers of the Honolulu Board of Water Supply, County of Maui Department of Water Supply, County of Kauai Department of Water, and County of Hawaii Department of Water Supply.

Accordingly, your Committee has amended this measure by:

- (1) Making the tax credit applicable to taxable years after December 31, 2022; and
- (2) Inserting an effective date of July 1, 2022.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1631, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1631, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Water and Land,


LORRAINE R. INOUE, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Water and Land
WTL

Bill / Resolution No.:* <i>HB1631, HD1</i>	Committee Referral: <i>WTL, WAM</i>	Date: <i>3/14/22</i>
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The Committee is reconsidering its previous decision on this measure.
If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
INOUYE, Lorraine R. (C)	✓			
KEITH-AGARAN, Gilbert S.C. (VC)				✓
MISALUCHA, Bennette E.	✓			
RIVIERE, Gil	✓			
FEVELLA, Kurt				✓
TOTAL	<i>3</i>			<i>x 2 for</i>

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:
Bennette E. Misalucha

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*Only one measure per Record of Votes