

STAND. COM. REP. NO.

2236

Honolulu, Hawaii

FEB 11 2022

RE: S.B. No. 2860
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 S.B. No. 2860 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 refundable water catchment tax credit for homeowners who install a water catchment system meeting certain requirements on residential property in the State owned by the homeowners.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Department of Budget and Finance and Department of Taxation.

Your Committee finds that water catchment systems promote cost-effective, reliable, and safe fresh water sources that reduce consumer demand on existing fresh water. Water catchment systems promote water conservation, mitigate flooding, and conserve energy needed to pump, treat, and transport fresh water for consumer use. However, your Committee has heard the concerns of the Department of Taxation that this measure as drafted may create unintended losses in revenue based on the current drafted definition of "qualified taxpayer".



According to the Department of Taxation, this measure as drafted would allow any water catchment system ever installed by that taxpayer, as long as the minimum capacity and residential property ownership requirements were met, to qualify for and receive the refundable tax credit. Amendments to this measure are therefore necessary to address the Department of Taxation's concerns regarding the definition of "qualified taxpayer".

Your Committee has amended this measure by:

- (1) Amending the definition of "qualified taxpayer" to require water catchment systems to be installed and in service during the taxable year to qualify for the tax credit; and
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion.

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 S.B. No. 2860, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2860, 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.:* SB 2860	Committee Referral: WTL, WAM	Date: 2/7/22		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
INOUYE, Lorraine R. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
MISALUCHA, Bennette E.	X			
RIVIERE, Gil	X			
FEVELLA, Kurt	X			
TOTAL	5			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes