

Honolulu, Hawaii

FEB 08 , 2024

RE: H.B. No. 2694
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Water & Land, to which was referred H.B. No. 2694 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish an income tax credit to incentivize the voluntary relinquishment of private water systems; and
- (2) Require the Attorney General to commence eminent domain proceedings in certain counties.

Your Committee received testimony in support of this measure from one member of the Maui County Council; Lāhainā Strong; Green Party of Hawai'i; La'i Hauola; Save Honolua Coalition; and numerous individuals. Your Committee received testimony in opposition to this measure from the Department of Land and Natural Resources; Department of Agriculture; and one individual. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that this measure will encourage responsible water management practices and promote water access equity in the County of Maui.



Your Committee has amended this measure by:

- (1) Specifying that the tax credit must be claimed for the tax year during which the water system was relinquished by the taxpayer to the county;
- (2) Including a cap on the amount of the credits that may be claimed per water system but leaving the cap amount unspecified;
- (3) Specifying that the tax credit may not be claimed by taxpayers that have received just compensation for their privately-owned water system from the State or county through eminent domain proceedings;
- (4) Specifying that the tax credit shall not apply to taxable years beginning after December 31, 2028;
- (5) Including a definition for "water system";
- (6) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Water & Land that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2694, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2694, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.



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


LINDA ICHIYAMA, Chair



