

JAN 24 2024

A BILL FOR AN ACT

RELATING TO WATER RESOURCES.

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

1 PART I

2 SECTION 1. The legislature finds that only twenty-five per
3 cent of water resources in the county of Maui are provided by
4 the county. Seventy-five per cent of water resources are
5 provided by private operators. The legislature believes that it
6 is in the public interest to promote water access equity in the
7 State.

8 Accordingly, the purpose of this Act is to:

- 9 (1) Establish an income tax credit to incentivize the
10 voluntary relinquishment of private water systems;
- 11 (2) Direct the attorney general to initiate eminent domain
12 proceedings to acquire privately-owned water systems
13 in certain areas; and
- 14 (3) Appropriate moneys to the department of the attorney
15 general to fund eminent domain proceedings to acquire
16 private water systems.



1 PART II

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

5 "§235- Voluntary relinquishment of private water
6 systems; income tax credit. (a) There shall be allowed to each
7 taxpayer subject to the tax imposed under this chapter, a tax
8 credit that shall be deductible from the taxpayer's net income
9 tax liability, if any, imposed by this chapter for the taxable
10 year in which the credit is properly claimed.

11 (b) In the case of a partnership, S corporation, estate,
12 or trust, the tax credit allowable is for the assessed value of
13 a water system relinquished by the entity for the taxable year.
14 The assessed value upon which the tax credit is computed shall
15 be determined at the entity level. Distribution and share of
16 credit shall be determined by rule.

17 (c) The tax credit shall be equal to the value of a water
18 system, as assessed by county officials, relinquished by the
19 taxpayer to the county within which the water system is located.

20 (d) The director of taxation:



1 SECTION 4. In accordance with section 9 of article VII, of
 2 the Constitution of the State of Hawaii and sections 37-91 and
 3 37-93, Hawaii Revised Statutes, the legislature has determined
 4 that the appropriation contained in this Act will cause the
 5 state general fund expenditure ceiling for fiscal year 2024-2025
 6 to be exceeded by \$, or per cent. The reasons
 7 for exceeding the general fund expenditure ceiling are that the
 8 appropriation made in this Act is necessary to serve the public
 9 interest and to meet the needs provided for by this Act.

10 SECTION 5. There is appropriated out of the general
 11 revenues of the State of Hawaii the sum of \$ or so much
 12 thereof as may be necessary for fiscal year 2024-2025 for
 13 eminent domain proceedings to acquire privately-owned water
 14 systems in counties having a population greater than one hundred
 15 thousand and less than two hundred thousand.

16 The sum appropriated shall be expended by the department of
 17 the attorney general for the purposes of this Act.

18 PART IV

19 SECTION 6. New statutory material is underscored.

20 SECTION 7. This Act shall take effect upon its approval;
 21 provided that:



S.B. NO. 2978

- 1 (1) Part II shall apply to taxable years beginning after
2 December 31, 2023; and
3 (2) Section 5 shall take effect on July 1, 2024.

4

INTRODUCED BY: _____

A handwritten signature in black ink, appearing to be "JBL", is written over a horizontal line that follows the text "INTRODUCED BY:". The signature is stylized and somewhat cursive.

S.B. NO. 2970

Report Title:

Water Resources; DOTAX; Attorney General; Income Tax Credit;
Condemnation; Eminent Domain; Appropriation; General Fund
Expenditure Ceiling Exceeded

Description:

Establishes an income tax credit to incentivize the voluntary
relinquishment of private water systems. Directs the Attorney
General to commence eminent domain proceedings in certain
counties. Appropriates moneys. Declares that the appropriation
exceeds the state general fund expenditure ceiling for
2024-2025.

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

