
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 (1) Shall prepare any forms that may be necessary to claim
2 a tax credit under this section;

3 (2) May require the taxpayer to furnish reasonable
4 information to ascertain the validity of the claim for
5 the tax credit made under this section; and

6 (3) May adopt rules under chapter 91 necessary to
7 effectuate the purposes of this section.

8 (e) If the tax credit under this section exceeds the
9 taxpayer's income tax liability, the excess of the credit over
10 liability may be used as a credit against the taxpayer's income
11 tax liability in subsequent years until exhausted. All claims
12 for the tax credit under this section, including amended claims,
13 shall be filed on or before the end of the twelfth month
14 following the close of the taxable year for which the credit may
15 be claimed. Failure to comply with the foregoing provision
16 shall constitute a waiver of the right to claim the credit.

17 (f) Any water systems relinquished or condemned pursuant
18 to this section shall be owned, operated, and maintained by the
19 respective county in which the subject system is located."

20 PART III



1 SECTION 3. The attorney general shall commence eminent
2 domain proceedings to acquire privately-owned water systems in
3 counties having a population greater than one hundred thousand
4 and less than two hundred thousand.

5 SECTION 4. In accordance with section 9 of article VII of
6 the Hawaii State Constitution and sections 37-91 and 37-93,
7 Hawaii Revised Statutes, the legislature has determined that the
8 appropriations contained in Act 164, Regular Session of 2023,
9 and this Act will cause the state general fund expenditure
10 ceiling for fiscal year 2024-2025 to be exceeded by
11 \$ or per cent. This current declaration takes
12 into account general fund appropriations authorized for fiscal
13 year 2024-2025 in Act 164, Regular Session of 2023, and this Act
14 only. The reasons for exceeding the general fund expenditure
15 ceiling are that:

- 16 (1) The appropriation made in this Act is necessary to
17 serve the public interest; and
- 18 (2) The appropriation made in this Act meets the needs
19 addressed by this Act.

20 SECTION 5. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$ or so



1 much thereof as may be necessary for fiscal year 2024-2025 for
2 eminent domain proceedings to acquire privately-owned water
3 systems in counties having a population greater than one hundred
4 thousand and less than two hundred thousand.

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

7 PART IV

8 SECTION 6. New statutory material is underscored.

9 SECTION 7. This Act shall take effect on July 1, 2050;
10 provided that:

11 (1) Part II shall apply to taxable years beginning after
12 December 31, 2023; and

13 (2) Section 5 shall take effect on July 1, 2024.



Report Title:

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

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. Declares that the general fund expenditure ceiling is
exceed. Makes an appropriation. Takes effect 7/1/2050. (SD1)

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not legislation or evidence of legislative intent.*

