

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 547
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committees on Agriculture and Environment, Public Safety and Military Affairs, and Economic Development and Tourism, to which was referred S.B. No. 547 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a Water Conservation Income Tax Credit to be administered by the Department of Taxation;
- (2) Require the Department of Business, Economic Development, and Tourism to establish a rebate program for gray water recycling systems and atmospheric water generators; and
- (3) Require the State Building Code Council to adopt certain standards on gray water recycling systems and atmospheric water generators in the State.

Your Committees received testimony in support of this measure from Hawai'i Food+ Policy, Eco Technology, and ten individuals.

Your Committees received comments on this measure from the Department of Health, Department of Taxation, and Tax Foundation of Hawaii.



Your Committees find that Hawaii faces ongoing challenges related to water scarcity due to chronic drought conditions and increasing demands on its water resources. Your Committees believe that promoting water conservation technologies is essential for ensuring a sustainable and secure water future for the State. This measure incentivizes the installation and use of gray water recycling systems and atmospheric water generators by offering tax credits and rebates, particularly to low-income households, for the installation of these water conservation technologies, and further facilitates the use of atmospheric water generators by establishing a phased strategy to adopt certain safety and efficiency standards for these water conservation systems in the State.

Your Committees have amended this measure by:

- (1) Inserting language to clarify the process to claim the Water Conservation Tax Credit for entities;
- (2) Clarifying that the Water Conservation Tax Credit and rebate program apply to NSF/ANSI 350-certified gray water recycling systems or atmospheric water generators that meet NSF P343 test results and component standards, and the related costs incurred for installation;
- (3) Limiting claims for the Water Conservation Tax Credit to five years after a water conservation system is placed into service;
- (4) Specifying that the initial taxable year in which the Water Conservation Tax Credit may be claimed is the taxable year in which the water conservation system is placed in service;
- (5) Inserting definitions for "area median income", "NSF/ANSI 350-certified gray water recycling system effluent", and "water conservation system";
- (6) Amending definitions for "low-income homeowner" and "NSF/ANSI 350-certified";



- (7) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Agriculture and Environment, Public Safety and Military Affairs, and Economic Development and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 547, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 547, S.D. 1, and be referred to your Committee on Ways and Means.

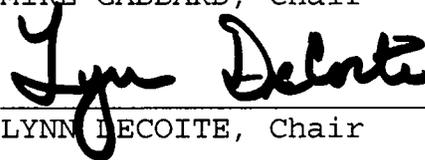
Respectfully submitted on behalf of the members of the Committees on Agriculture and Environment, Public Safety and Military Affairs, and Economic Development and Tourism,



BRANDON J.C. ELEFANTIE, Chair



MIKE GABBARD, Chair

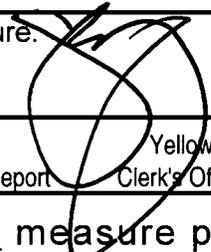


LYNN DECOITE, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Economic Development and Tourism
EDT

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 547	AEN/PSM/EDT, WAM	02/12/25		
<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
DECOITE, Lynn (C)	✓			
WAKAI, Glenn (VC)	✓			
FUKUNAGA, Carol				✓
KIM, Donna Mercado				✓
AWA, Brenton	✓			
TOTAL	3	0	0	2
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