

Honolulu, Hawaii

MAR 24 2016

RE: H.B. No. 2042
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Water, Land, and Agriculture, to which was referred H.B. No. 2042, H.D. 2, 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 residential water conservation system cost tax credit for newly constructed systems beginning January 1, 2017.

Your Committee received testimony in support of this measure from the Hawai'i Community Foundation, Surfrider Foundation, Hawai'i Fresh Water Initiative, and two individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that one of the key strategies to achieve the State's natural resource management goal of increased freshwater security under the Aloha+ Challenge is to increase water conservation. Several states facing water supply issues have successfully promoted the adoption of water saving devices through the use of incentives. An incentive program in Hawaii will encourage a greater number of residents to actively take part in this important sustainability goal. Your Committee notes the Hawaii Fresh Water Initiative's testimony and finds that this measure can be improved by amending it to implement a rebate program instead of a tax credit.



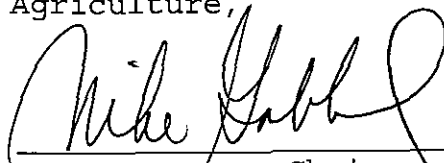
Your Committee has amended this measure by:

- (1) Replacing the residential water conservation system cost tax credit with a water conservation rebate program to be administered by the Commission on Water Resource Management in partnership with public water system providers;
- (2) Allowing rebates to be issued for rain barrels and cisterns, hot water circulation pumps, low-flow pre-rinse spray nozzles, soil moisture sensors as a component of an automatic irrigation system, air conditioning condensate capture, multi-unit water sub-meters, high efficiency toilets utilizing 1.28 gallons or less per flush, and other devices and apparatus as determined by the Commission;
- (3) Capping the total amount of rebates granted through the program at \$2,000,000 per calendar year;
- (4) Capping the rebate at fifty percent of the cost of a newly constructed water conservation system and \$1,000 per year per residential household and \$5,000 per year per commercial entity;
- (5) Requiring the Commission on Water Resource Management to review the rebate program and determine the amount of non-state funds obtained as matching funds, determine the amount of water saved due to the rebate program, and recommend whether to extend the rebate program, and report its findings and recommendations to the Legislature;
- (6) Inserting an effective date of July 1, 2016; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2042, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2042, H.D. 2, 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, Land, and
Agriculture,

A handwritten signature in cursive script, reading "Mike Gabbard". The signature is written in black ink and is positioned above a horizontal line.

MIKE GABBARD, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Water, Land, and Agriculture
WLA

Bill / Resolution No.:* <i>HB 2042, HD 2</i>	Committee Referral: <i>WLA, WAM</i>	Date: <i>3-21-16</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	/			
NISHIHARA, Clarence K. (VC)	/			
DELA CRUZ, Donovan M.	/			/
RIVIERE, Gil	/			
RUDERMAN, Russell E.	/			
SHIMABUKURO, Maile S.L.	/			/
THIELEN, Laura H.	/			
WAKAI, Glenn				/
SLOM, Sam	/			
TOTAL	<i>8</i>			<i>1</i>
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="text-align: center; margin-top: 10px;"><i>Clarence K. Nishihara</i></div>				
Distribution: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes