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LATE

To: The Honorable Mike Gabbard, Chair
and Members of the Senate Committee on Water, Land, and Agriculture

Date: March 14, 2016

Time: 2:45 P.M.

Place: Conference Room 224, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

revised testimony

Re: H.B. 2042, H.D. 2, Relating to Water Conservation.

The Department of Taxation (Department) appreciates the intent of H.B. 2042, H.D. 2, and provides the following comments for your consideration.

H.B. 2042, H.D. 2, provides a refundable income tax credit for a percentage of the cost of a residential water conservation system, with an aggregate cap of an unspecified amount. The bill has a defective effective date of July 1, 2030 and applies to taxable years beginning after December 31, 2016.

The Department appreciates that its suggestion to amend the definition of "residential water conservation system" was adopted by the House Committee on Energy and Environmental Protection. The Department also notes the following:

First, the Department notes that it generally recommends non-refundable tax credits because refundable tax credits create the potential for wrongful claims and abuse.

Second, the Department notes that aggregate caps are very difficult for the Department to administer and often result in uncertainty for taxpayers. Accordingly, the Department requests that the credits be certified by another State agency if the Legislature intends to impose an aggregate cap on the total amount of claims.

Finally, the Department notes that this bill will require a new form and system programming and requests that the bill apply to taxable years beginning after December 31, 2017.

Thank you for the opportunity to provide comments.



Wai Maoli

HAWAII FRESH WATER INITIATIVE

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HawaiiCommunityFoundation.org

LATE

Fresh Water Council Members

William Aila

Stephen Anthony*

Michael Buck

Suzanne Case

Reginald Castanares

Meredith Ching

Derek Chow

Ka'eo Duarte

Sumner Erdman

Mark Fox

Thomas Giambelluca

Timothy Johns

Howard Killian

Patrick Kobayashi

Ernest Lau

Keith Okamoto

Jerry Ornellas

Monty Richards

Kapua Sproat

David Taylor

Dennis Teranishi

Barry Usagawa

Testimony of the Hawai'i Fresh Water Council

on

H.B. 2042 HD 2

**Relating to Water Conservation
Senate Committee on Water, Land, and Agriculture
Monday, March 14, 2016. 2:45 P.M.
Conference Room 224**

The Hawaii Fresh Water Initiative strongly supports H.B. 2042 HD 2, which proposes to establish a residential water conservation system tax credit.

The Hawaii Fresh Water Initiative was launched in 2013 and assembled our diverse Fresh Water Council to develop a forward-thinking and consensus-based strategy to increase water security for Hawaii. Our Council jointly and unanimously recommended key strategies and policies with an ultimate goal of creating 100 million gallons per day (mgd) in additional, reliable fresh water capacity by 2030. One of the key strategies to achieve this statewide water goal is to increase water conservation by 40 mgd over the next 15 years.

Several states facing water supply issues have successfully promoted the adoption of water saving devices, including rainwater harvesting systems to replace potable water use for yards and landscaping, soil moisture sensors for landscape irrigation, and water circulation pumps. The following considerations convinced the Council that encouraging water saving device adoption in Hawai'i homes should be a top priority:

- Among all 50 states, Hawai'i ranks in the top five in terms of our daily per capita water use at 156 gallons per day. Forty-four states use less than 120 gallons per day.
- The Honolulu Board of Water Supply estimates that up to half of all potable water delivered to residences is actually used for landscape irrigation.
- A single hot water recirculation pump is estimated to save 11,000 to 15,000 gallons of water per year in a typical home.

The Council believes H.B. 2042 HD 2 can be improved by amending the bill to implement a rebate program instead of utilizing tax credits, and articulating three specific water saving devices that qualify for rebate: rain barrels/cisterns; hot water circulation pumps; and, irrigation moisture sensor systems. The Council believes that the rebate should be limited to 50% of the device cost, capped for each household at \$1,000, and limit that total amount of credits available each year to \$2,000,000.

Such a program established by H.B. 2042 HD 2 has the potential to preserve hundreds of millions of gallons of fresh water per year, and is a critical component of a multi-pronged strategy to improve Hawaii's long-term water security.

For these reasons, we strongly support H.B. 2042 HD 2, urge the adoption of the above amendments, and request that the WLA Committee pass this measure.

*US Geological Survey
Liaison/Scientific Advisor to HCF



HAWAI'I COMMUNITY FOUNDATION
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**Testimony of the
Hawai'i Community Foundation
on
H.B. 2042 HD 2**

**Relating to Water Conservation
Senate Committee on Water, Land, and Agriculture
Monday, March 14, 2016
2:45 P.M.
Conference Room 224**

The Hawaii Community Foundation strongly supports H.B. 2042 HD2, which establishes a tax credit program to support the adoption of residential water conservation systems.

The Hawaii Community Foundation (HCF) became concerned about long-term fresh water security issues in 2012, as research emerged from the University of Hawaii linking climate change and negative trends in Hawaii's fresh water supply. HCF assembled a blue ribbon panel of water stakeholders to provide collaborative solutions, and in concert with their recommendations launched the Hawaii Fresh Water Initiative in 2013. The Fresh Water Initiative has a goal of creating 100 million gallons per day in additional, reliable fresh water capacity by 2030.

HCF supports the findings of the Fresh Water Council and strongly supports the policy recommendations found in their "Blueprint for Action." One of the key recommendations from the Council is the establishment a statewide program to encourage the adoption of water saving devices in the home. H.B. 2042 HD 2 will establish this important program.

HCF strongly supports H.B. 2042 HD 2 and urges passage, and we stand ready to assist in helping implement this important program and all elements of the Council's "Blueprint for Action."



Surfrider Foundation Oahu Chapter

Rafael Bergstrom, Oahu Chapter Coordinator

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Web: <https://oahu.surfrider.org/>

Aloha Senate Committee on Water & Land

RE: HB 2042: In Strong Support

MONday, March 14, 2016

TIME: 2:45 PM

PLACE: Conference Room 224

LATE

I am writing on behalf of the Surfrider Foundation's Oahu Chapter in support of HB 2042, a residential water conservation tax credit. Preserving our freshwater supplies is a crucial step towards creating a sustainable future in Hawai'i. As we continue to use more than 50% of our drinking water for irrigation purposes it is imperative that our state find creative mechanisms to incentivize the public to take charge of their water re-use and contribute to a reduced reliance on potable water for purposes outside of drinking.

Surfrider Oahu has greatly increased its Ocean Friendly Garden program in the past two years and aims to continue to educate and provide hands on technique training for water capture and reuse. Giving homeowners the option to have some of their expenses covered will encourage the growth of this important building sector. Not only will residents of Hawai'i be taking meaningful action to protect our freshwater resources, but they will also be supporting the growth of a new industry in building technology.

In addition to the freshwater recharge, collecting stormwater for reuse helps reduce the impact of polluted runoff that enters our stormdrains and empties into our oceans.

Please help Hawai'i to take charge of preserving our most precious natural resource – fresh water – and give citizens an incentive to actively take part in this important sustainability goal.

Mahalo for your time and consideration on this important topic.

Cheers,
Rafael Bergstrom
Surfrider Oahu Chapter Coordinator

gabbard2 - Donna

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 14, 2016 7:37 AM
To: WLA Testimony
Cc: kaily429@gmail.com
Subject: *Submitted testimony for HB2042 on Mar 14, 2016 14:45PM*

LATE

HB2042

Submitted on: 3/14/2016

Testimony for WLA on Mar 14, 2016 14:45PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Kaily Wakefield	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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gabbard2 - Donna

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 14, 2016 8:13 AM
To: WLA Testimony
Cc: milholen.jennifer@gmail.com
Subject: *Submitted testimony for HB2042 on Mar 14, 2016 14:45PM*

LATE

HB2042

Submitted on: 3/14/2016

Testimony for WLA on Mar 14, 2016 14:45PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Milholen	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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