

STAND. COM. REP. NO. 2819

Honolulu, Hawaii

MAR - 3 2022

RE: S.B. No. 2654
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2654 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to establish an income tax credit for water rationing systems.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources and Honolulu Board of Water Supply.

Your Committee received comments on this measure from the Department of Taxation, Department of Budget and Finance, and Tax Foundation of Hawaii.

Your Committee finds that, with the challenges facing the State over the supply of clean water, the State must pursue all means to protect the environment and water resources. Accordingly, your Committee believes innovative solutions are needed to incentivize behaviors that conserve and protect water resources.

Your Committee has amended this measure by:

- (1) Inserting definitions of "alternate water sources for nonpotable applications", "nonpotable rainwater catchment system", and "potable rainwater catchment system" into the new statutory section established by the measure;
- (2) Deleting language that makes the tax credit refundable for certain taxpayers;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2654, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2654, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



