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# A BILL FOR AN ACT

RELATING TO WATER RATIONING.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to part I to be appropriately  
3 designated and to read as follows:

4 "§235- Water rationing; income tax credit. (a) Each  
5 individual or corporate taxpayer that files an individual or  
6 corporate net income tax return for a taxable year may claim a  
7 tax credit under this section against the Hawaii state  
8 individual or corporate net income tax. The tax credit may be  
9 claimed for every eligible water rationing system that is  
10 installed and placed in service in the State by a taxpayer  
11 during the taxable year. The tax credit may be claimed as  
12 follows:

13 (1) For each rain barrel system: \_\_\_\_\_ per cent of the  
14 actual cost or the cap amount determined in subsection

15 (b);



- 1        (2) For each water catchment system:                    per cent of  
2        the actual cost or the cap amount determined in  
3        subsection (b), whichever is less;
- 4        (3) For home water system efficiency upgrades:                    per  
5        cent of the actual cost or the cap amount determined  
6        in subsection (b), whichever is less; and
- 7        (4) For dual-use piping systems:                    per cent of the  
8        actual cost or the cap amount determined in subsection  
9        (b), whichever is less;

10 provided further that multiple owners of a single system shall  
11 be entitled to a single tax credit; provided further that the  
12 tax credit shall be apportioned between the owners in proportion  
13 to their contribution to the cost of the system.

14        In the case of a partnership, S corporation, estate, or  
15 trust, the tax credit allowable is for every eligible water  
16 rationing system that is installed and placed in service in the  
17 State by the entity. The cost upon which the tax credit is  
18 computed shall be determined at the entity level. Distribution  
19 and share of credit shall be determined pursuant to  
20 administrative rule.



1        (b) The amount of credit allowed for each eligible water  
2 rationing system shall not exceed the applicable cap amount,  
3 which shall be determined as follows:

4        (1) For rain barrel systems, the cap amounts shall be:

5            (A) \$ \_\_\_\_\_ per system for single-family  
6            residential property;

7            (B) \$ \_\_\_\_\_ per unit per system for multi-family  
8            residential property; and

9            (C) \$ \_\_\_\_\_ per system for commercial property;

10        (2) For water catchment systems, the cap amounts shall be:

11            (A) \$ \_\_\_\_\_ per system for single-family  
12            residential property;

13            (B) \$ \_\_\_\_\_ per unit per system for multi-family  
14            residential property; and

15            (C) \$ \_\_\_\_\_ per system for commercial property;

16        (3) For home water system efficiency upgrades, the cap  
17 amounts shall be:

18            (A) \$ \_\_\_\_\_ per system for single-family  
19            residential property;

20            (B) \$ \_\_\_\_\_ per unit per system for multi-family  
21            residential property; and



1           (C) \$ \_\_\_\_\_ per system for commercial property;

2                   and

3       (4) For dual-use piping systems, the cap amounts shall be:

4           (A) \$ \_\_\_\_\_ per system for single-family

5                   residential property;

6           (B) \$ \_\_\_\_\_ per unit per system for multi-family

7                   residential property; and

8           (C) \$ \_\_\_\_\_ per system for commercial property.

9       (c) For the purposes of this section:

10       "Actual cost" means costs related to water rationing

11 systems under subsection (a), including accessories and

12 installation, but not including the cost of consumer incentive

13 premiums unrelated to the operation of the system or offered

14 with the sale of the system and costs for which another credit

15 is claimed under this chapter.

16       "Alternate water sources for nonpotable applications" means

17 systems that:

18       (1) Meet the standards and specifications as described in

19       the International Association of Mechanical and

20       Plumbing Officials (IAMPO) Uniform Plumbing Code,



1 whose edition is adopted by the respective county  
2 where the taxpayer resides; and

3 (2) Are designed and operated according to the Hawaii  
4 department of health's Guidelines for the Reuse of  
5 Gray Water (July 22, 2009).

6 "Household use" means any use to which heated water is  
7 commonly put in a residential setting, including commercial  
8 application of those uses.

9 "Nonpotable rainwater catchment system" means systems that  
10 meet the standards and specifications as described in the  
11 International Association of Mechanical and Plumbing Officials  
12 (IAMPO) Uniform Plumbing Code, whose edition is adopted by the  
13 respective county where the taxpayer resides.

14 "Potable rainwater catchment system" means systems that  
15 meet the standards and specifications as described in the  
16 International Association of Mechanical and Plumbing Officials  
17 (IAMPO) Uniform Plumbing Code, whose edition is adopted by the  
18 respective county where the taxpayer resides.

19 "Water rationing system" means a new system that reduces  
20 the amount of water used by a residential or commercial entity.



1       (d) For taxable years beginning after December 31, 2005,  
2 the dollar amount of any utility rebate shall be deducted from  
3 the cost of the qualifying system and its installation before  
4 applying the state tax credit.

5       (e) The director of taxation shall prepare any forms that  
6 may be necessary to claim a tax credit under this section,  
7 including forms identifying the system type of each tax credit  
8 claimed under this section. The director may also require the  
9 taxpayer to furnish reasonable information to ascertain the  
10 validity of the claim for credit made under this section and may  
11 adopt rules necessary to effectuate the purposes of this section  
12 pursuant to chapter 91.

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



1        (g) To the extent feasible, using existing resources to  
2 assist the water-rationing policy review and evaluation, the  
3 department shall assist with data collection on the following  
4 for each taxable year:

5        (1) The number of water rationing systems that have  
6 qualified for a tax credit during the calendar year  
7 by:

8            (A) System type; and

9            (B) Taxpayer type (corporate and individual); and

10        (2) The total cost of the tax credit to the State during  
11 the taxable year by:

12            (A) System type; and

13            (B) Taxpayer type.

14        (h) This section shall apply to water rationing systems  
15 that are installed and placed in service on or after July 1,  
16 2022."

17        SECTION 2. New statutory material is underscored.

18        SECTION 3. This Act shall take effect on July 1, 2050, and  
19 shall apply to taxable years beginning after December 31, 2050.



**Report Title:**

Income Tax Credit; Water Rationing Systems

**Description:**

Establishes an income tax credit for water rationing systems. Effective 7/1/2050. Applies to taxable years beginning after 12/31/2050. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

