
A BILL FOR AN ACT

RELATING TO WATER RESOURCES.

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

1 PART I

2 SECTION 1. The legislature finds that only twenty-five per
3 cent of water resources in the county of Maui are provided by
4 the county. Seventy-five per cent of water resources are
5 provided by private operators. The legislature believes that it
6 is in the public interest to promote water access equity in the
7 State.

8 Accordingly, the purpose of this Act is to:

- 9 (1) Establish an income tax credit to incentivize the
10 voluntary relinquishment of private water systems;
11 (2) Direct the attorney general to initiate eminent domain
12 proceedings to acquire privately-owned water systems
13 in certain areas; and
14 (3) Appropriate moneys to the department of the attorney
15 general to fund eminent domain proceedings to acquire
16 private water systems.

17 PART II



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

4 "§235- Voluntary relinquishment of private water
5 systems; income tax credit. (a) There shall be allowed to each
6 taxpayer subject to the tax imposed under this chapter, a tax
7 credit that shall be deductible from the taxpayer's net income
8 tax liability, if any, imposed by this chapter for the taxable
9 year in which the credit is properly claimed.

10 (b) In the case of a partnership, S corporation, estate,
11 or trust, the tax credit allowable is for the assessed value of
12 a water system relinquished by the entity to the county during
13 the taxable year. The assessed value upon which the tax credit
14 is computed shall be determined at the entity level.

15 Distribution and share of credit shall be determined by rule.

16 (c) The tax credit shall be equal to the value of a water
17 system, as assessed by county officials, relinquished by the
18 taxpayer to the county within which the water system is located.

19 (d) The amount of credit allowed for each water system
20 shall not exceed \$ _____.

21 (e) The director of taxation:



- 1 (1) Shall prepare any forms that may be necessary to claim
2 a tax credit under this section;
- 3 (2) May require the taxpayer to furnish reasonable
4 information to ascertain the validity of the claim for
5 the tax credit made under this section; and
- 6 (3) May adopt rules under chapter 91 necessary to
7 implement this section.
- 8 (f) If the tax credit under this section exceeds the
9 taxpayer's income tax liability, the excess of the credit over
10 liability may be used as a credit against the taxpayer's income
11 tax liability in subsequent years until exhausted. All claims
12 for the tax credit under this section, including amended claims,
13 shall be filed on or before the end of the twelfth month
14 following the close of the taxable year during which the water
15 system was relinquished by the taxpayer to the county. Failure
16 to comply with the foregoing provision shall constitute a waiver
17 of the right to claim the credit.
- 18 (g) The tax credit may not be claimed by a taxpayer that
19 has received just compensation for the acquirement of privately-
20 owned water systems from the State or county pursuant to eminent
21 domain proceedings.



1 state general fund expenditure ceiling for fiscal year 2024-2025
2 to be exceeded by \$, or per cent. The reasons
3 for exceeding the general fund expenditure ceiling are that the
4 appropriation made in this Act is necessary to serve the public
5 interest and to meet the needs provided for by this Act.

6 SECTION 5. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so
8 much thereof as may be necessary for fiscal year 2024-2025 for
9 eminent domain proceedings to acquire privately-owned water
10 systems in counties having a population greater than one hundred
11 thousand and less than two hundred thousand.

12 The sum appropriated shall be expended by the department of
13 the attorney general for the purposes of this Act.

14 PART IV

15 SECTION 6. New statutory material is underscored.

16 SECTION 7. This Act shall take effect on July 1, 3000;
17 provided that:

- 18 (1) Part II shall apply to taxable years beginning after
19 December 31, 2023 and shall not apply to taxable years
20 beginning after December 31, 2028; and



1 (2) Section 5 shall take effect on July 1, 2024.



Report Title:

Private Water Systems; DOTAX; Attorney General; Income Tax Credit; Condemnation; Eminent Domain; Appropriation; Expenditure Ceiling

Description:

Establishes an income tax credit to incentivize the voluntary relinquishment of private water systems. Directs the Attorney General to commence eminent domain proceedings in certain counties. Appropriates funds. Effective 7/1/3000. (HD1)

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

