

JAN 17 2025

A BILL FOR AN ACT

RELATING TO WATER CONSERVATION.

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

1 SECTION 1. The legislature finds that Hawaii faces ongoing
2 challenges related to water scarcity due to chronic drought
3 conditions and increasing demands on its water resources.
4 Promoting water conservation technologies, such as gray water
5 recycling systems and atmospheric water generators, is essential
6 for ensuring a sustainable and secure water future for the
7 State.

8 Accordingly, the purpose of this Act is to encourage the
9 installation and use of gray water recycling systems and
10 atmospheric water generators in the State.

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

14 "§235- Water conservation income tax credit. (a) There
15 shall be allowed to each taxpayer subject to the tax imposed by
16 this chapter, a water conservation income tax credit that shall
17 be deductible from the taxpayer's net income tax liability, if



1 any, imposed by this chapter for the taxable year in which the
2 credit is properly claimed.

3 (b) The amount of the tax credit shall be equal to:

4 (1) For residential properties: \$10,000, or twenty-five
5 per cent of the cost of installing an NSF/ANSI
6 350-certified gray water recycling system or an
7 atmospheric water generator that meets NSF P343 test
8 results and component standards, whichever is less;
9 and

10 (2) For commercial properties: \$50,000, or twenty per
11 cent of the cost of installing an NSF/ANSI 350-
12 certified gray water recycling system or an
13 atmospheric water generator that meets NSF P343 test
14 results and component standards, whichever is less.

15 (c) Notwithstanding subsection (b), low-income homeowners
16 may qualify for a tax credit of \$12,500, or thirty-five per cent
17 of the cost of installing an NSF/ANSI 350-certified gray water
18 recycling system or an atmospheric water generator that meets
19 NSF P343 test results and component standards, whichever is
20 less.



1 (d) Beginning July 1, 2028, only atmospheric water
2 generators that are fully NSF P343-certified shall be eligible
3 for tax credits under this section.

4 (e) If the tax credit under this section exceeds the
5 taxpayer's net income tax liability, the excess of the credit
6 over liability may be used as a credit against the taxpayer's
7 income tax liability in subsequent years until exhausted.

8 (f) The director of taxation shall:

9 (1) Prepare any forms necessary to claim a credit under
10 this section;

11 (2) Require the taxpayer to furnish reasonable information
12 to ascertain the validity of the claim for credit made
13 under this section; and

14 (3) Adopt rules pursuant to chapter 91 necessary to
15 effectuate the purposes of this section.

16 (g) All claims for the tax credit under this section,
17 including amended claims, shall be filed on or before the end of
18 the twelfth month following the close of the taxable year for
19 which the credit may be claimed. Failure to comply with this
20 provision shall constitute a waiver of the right to claim the
21 credit.



1 (h) For the purposes of this section:

2 "Atmospheric water generator" means a device that extracts
3 water from ambient air humidity.

4 "Gray water" shall have the same meaning as defined in
5 section 342D-1.

6 "Low-income homeowner" means a homeowner that earns eighty
7 per cent or less of the area median income.

8 "NSF/ANSI 350-certified" means certified to meet the
9 National Sanitation Foundation International Standard/American
10 National Standard 350 for onsite residential and commercial
11 water reuse treatment systems.

12 "NSF P343" means the National Sanitation Foundation
13 Protocol P343 - health and sanitation requirements for
14 atmospheric water generators.

15 "NSF P343-certified" means certified to meet NSF P343 for
16 atmospheric water generators."

17 SECTION 3. (a) The department of business, economic
18 development, and tourism shall establish a rebate program to
19 incentivize the installation of gray water recycling systems and
20 atmospheric water generators.

21 (b) Rebates shall be awarded as follows:



- 1 (1) For residential properties: \$7,500, or thirty per
2 cent of the cost of installing an NSF/ANSI
3 350-certified gray water recycling system or an
4 atmospheric water generator that meets NSF P343 test
5 results and component standards, whichever is less;
6 and
- 7 (2) For commercial properties: \$35,000, or twenty-five
8 per cent of the cost of installing an NSF/ANSI
9 350-certified gray water recycling system or an
10 atmospheric water generator that meets NSF P343 test
11 results and component standards, whichever is less.
- 12 (c) Low-income homeowners may qualify for a rebate of
13 \$10,000, or forty per cent of the cost of installing an NSF/ANSI
14 350-certified gray water recycling system or an atmospheric
15 water generator that meets NSF P343 test results and component
16 standards, whichever is less.
- 17 (d) Beginning July 1, 2028, only atmospheric water
18 generators that are fully NSF P343-certified shall be eligible
19 for rebates under this section.



1 (e) The department of business, economic development, and
2 tourism shall adopt rules pursuant to chapter 91 necessary to
3 implement this section.

4 (f) For the purposes of this section, the definitions
5 established in section 235- , Hawaii Revised Statutes, shall
6 apply.

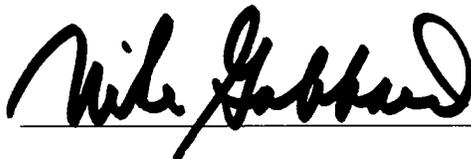
7 SECTION 4. (a) The state building code council shall
8 adopt the International Association of Plumbing and Mechanical
9 Officials' 2023 water efficiency and sanitation standard,
10 incorporating provisions regulating the design, installation,
11 and maintenance of gray water recycling systems and atmospheric
12 water generators in the State.

13 (b) The state building code council shall adopt rules
14 pursuant to chapter 91 necessary to implement this section.

15 SECTION 5. New statutory material is underscored.

16 SECTION 6. This Act shall take effect on July 1, 2025;
17 provided that section 2 shall apply to taxable years beginning
18 after December 31, 2025.

19

INTRODUCED BY: 



Report Title:

DOTAX; DBEDT; Water Conservation; Water Conservation Income Tax Credit; Graywater Recycling Systems; Atmospheric Water Generators; Rebate Program; State Building Code Council; Water Efficiency and Sanitation Standard

Description:

Incentivizes the installation and use of gray water recycling systems and atmospheric water generators in the State by establishing an income tax credit to be administered by the Department of Taxation. Requires the Department of Business, Economic Development, and Tourism to establish a rebate program. Requires the State Building Code Council to adopt certain standards on gray water recycling systems and atmospheric water generators in the State.

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