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HB 367

RELATING TO WATER CONSERVATION

House Committee on Water and Land Use

Public Hearing, January 28, 1999
9:00 a.m., Room 312, State Capitol

by

John T. Harrison, Environmental Center
James E. T. Moncur, Economics

HB 367 would amend Chapter 235, HRS, to establish a tax credit for installation of water conservation equipment that results in a 10% reduction in water use.

Our statement on this measure is compiled from voluntarily submitted opinions of the listed reviewers and does not constitute an institutional position of the University of Hawaii.

This sort of tax credit should not be necessary. First, our goal is not to save water *per se*, but to use it wisely, *i.e.*, in full accord with its relative scarcity. Hence promotion of water conservation is at best a secondary matter. Second, if water conservation is the goal, why not extend the credit to anyone who does anything to cut water use? As written, the credit goes only to those who invest actively in conservation equipment or facilities. Thus, abandoning sugar cultivation on a particular plot of land would save water, but would not trigger the tax credit.

If the price of water is set at the proper level, consumers will use it accordingly. If water becomes noticeably more expensive, people will invest on their own in water-conserving equipment and facilities and ways of doing things. Rationalize the pricing and "rental" structure for water, and people will use it carefully without special credits.

As written, this has the appearance of a subsidy to some special interest.