

Honolulu, Hawaii
February 19, 2016

RE: H.B. No. 1983
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committees on Energy & Environmental Protection and Health, to which was referred H.B. No. 1983 entitled:

"A BILL FOR AN ACT RELATING TO CESSPOOLS,"

beg leave to report as follows:

The purpose of this measure is to help protect public health and the environment by:

- (1) Authorizing the Department of Health to establish a cesspool upgrade, conversion, or connection rebate program to offset qualified expenses incurred by low-income households, upon the Department's evaluation of the costs and benefits of a rebate program and determination that a rebate program serves the public interest;
- (2) Providing that a non-compliant cesspool will not be subject to penalty because the cesspool's owner applied for a rebate;
- (3) Providing that a taxpayer who has already received a rebate and who claims a cesspool upgrade, conversion, or connection income-tax credit will have 50 percent of the dollar amount of the rebate received by the taxpayer deducted from the amount of the tax credit that the taxpayer may claim;



- (4) Allowing the Department of Health to certify, as a pilot program, no more than two residential large capacity cesspools as eligible for the cesspool upgrade, conversion, or connection income-tax credit;
- (5) Prohibiting the following persons from claiming the income-tax credit:
 - (A) A taxpayer filing a single return or a married person filing separately with an adjusted gross income of \$300,000 or more;
 - (B) A taxpayer filing as a head of household with an adjusted gross income of \$450,000 or more; or
 - (C) A taxpayer filing a joint return or as a surviving spouse with an adjusted gross income of \$600,000 or more;
- (6) Providing that a non-compliant cesspool will not be subject to penalty because the cesspool's owner claimed an income-tax credit; and
- (7) Deleting the definition of "qualified cesspool".

The Department of Taxation, Department of Health, and Tax Foundation of Hawaii submitted comments.

Your Committees have amended this measure by:

- (1) Clarifying that the Department of Health is authorized to establish a cesspool upgrade, conversion, or connection tax credit or rebate program;
- (2) Deleting the provision that the Department of Health must evaluate the costs and benefits of a rebate program and determine that a rebate program serves the public interest;
- (3) Establishing an unspecified date as the date before which a non-compliant cesspool will not be subject to penalty because the cesspool's owner applied for a rebate;



- (4) Specifying that a person cannot qualify for any other similar credit other than what is provided under the rebate program;
- (5) Deleting the specific amounts of adjusted gross income above which taxpayers are ineligible to claim the tax credit; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1983, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1983, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Energy &
Environmental Protection and
Health,



DELLA AU BELATTI, Chair



CHRIS LEE, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

HB 1983

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: HB 1983	Committee Referral: EEP/HLT, FIN	Date: 2-16-16		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. LEE, Chris (C)	✓			
2. LOWEN, Nicole E. (VC)	✓			
3. CULLEN, Ty J.K.	✓			
4. EVANS, Cindy	✓			
5. ING, Kaniela				✓
6. NISHIMOTO, Scott Y.				✓
7. SAY, Calvin K.Y.	✓			
8. YAMANE, Ryan I.				✓
9. POUHA, Feki				✓
10. THIELEN, Cynthia	✓			
TOTAL (10)	6	0	0	4
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u><i>Nicole E Lowen</i></u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				

