

Honolulu, Hawaii

March 4, 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 Committee on Finance, to which was referred H.B. No. 1983, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CESSPOOLS,"

begs 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;
- (2) 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;
- (3) 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;
- (4) Prohibiting taxpayers whose adjusted gross income exceeds certain amounts from claiming the income-tax credit;

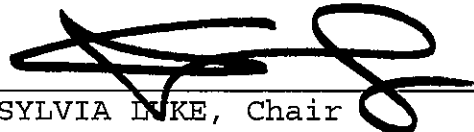


- (5) Providing that a non-compliant cesspool will not be subject to penalty because the cesspool's owner claimed an income tax credit; and
- (6) Deleting the definition of "qualified cesspool".

The Sierra Club of Hawaii provided testimony in support of this measure. The Department of Taxation, Department of Health, and Tax Foundation of Hawaii provided comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1983, H.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA DUKE, Chair



