

Honolulu, Hawaii

MAR 24 2016

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

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committees on Economic Development, Environment, and Technology and Commerce, Consumer Protection, and Health, to which was referred H.B. No. 1983, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CESSPOOLS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize the Department of Health to establish a cesspool upgrade, conversion, or connection tax credit or rebate program; and
- (2) Provide that cesspools found to be illegal, as a result of an inspection conducted due to a person applying for a rebate or taxpayer claiming a credit, are not subject to penalty.

Your Committees received comments on this measure from the Department of Health, Department of Taxation, and Tax Foundation of Hawaii.

Your Committees find that the State's streams, groundwater, and ocean are being harmed by water pollution from nonpoint contamination sources that flow off the land directly rather than through pipes or ditches. Cesspools constitute a nonpoint contamination source of grave concern and release approximately 55,000,000 gallons of untreated sewage into the ground each day.



Groundwater, drinking water sources, streams, and the ocean are contaminated by cesspool pollution from systems that do not treat wastewater but merely dispose of it; therefore, reducing the number of cesspools in the State is a matter of great importance. Your Committees further find that a rebate program is preferable to a tax credit for assisting low-income taxpayers because it enables a low-income household to obtain funds sooner, rather than waiting until the end of the tax year to file a claim for a refund.

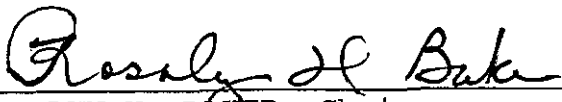
Your Committees have amended this measure by:

- (1) Deleting language that would have established a cesspool upgrade, conversion, or connection income tax credit and would have amended the existing cesspool upgrade, conversion, or connection income tax credit established by section 235-16.5, Hawaii Revised Statutes;
- (2) Clarifying that eligibility for the rebate is based on federal adjusted gross income and subject to certain limits;
- (3) Requiring applicants for the rebate to self-certify their federal adjusted gross income, subject to penalties of perjury and fines for an ineligible applicant who provides a false certification in order to be deemed eligible for a rebate;
- (4) Authorizing the Department of Taxation to provide taxpayer information to the Department of Health for purposes of verifying rebate program eligibility and requiring such information to be afforded confidentiality; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.


As affirmed by the records of votes of the members of your Committees on Economic Development, Environment, and Technology and Commerce, Consumer Protection, and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1983, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1983, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Economic
Development, Environment, and
Technology and Commerce,
Consumer Protection, and
Health,



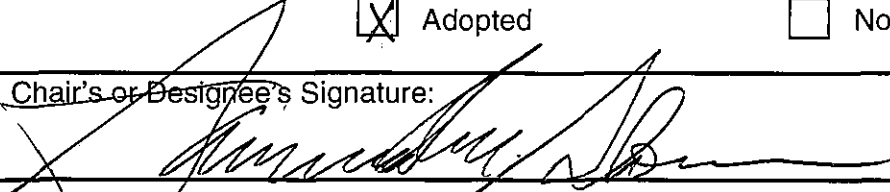
ROSALYN H. BAKER, Chair



GLENN WAKAI, Chair



Record of Votes
Committee on Economic Development, Environment, and Technology
EET

Bill / Resolution No.:	Committee Referral:	Date:		
HB 1983 HDI	EET/OPA, WAM	3/21/16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	X			
SLOM, Sam (VC)	X			
BAKER, Rosalyn H.	X			
ESPERO, Will	X			
GALUTERIA, Brickwood	X			
IHARA, Jr., Les	X			
KEITH-AGARAN, Gilbert S.C.				X
RUDERMAN, Russell E.				X
THIELEN, Laura H.	X			
TOTAL	7	0	0	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted				
<input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes

The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1983, HD1	EET/CPH, WAM	3-21-16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
KIDANI, Michelle N. (VC)	/			
ESPERO, Will	/			
IHARA, Jr., Les	/			
NISHIHARA, Clarence K.	/			
RUDERMAN, Russell E.				/
SLOM, Sam	/			
TOTAL	6			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes