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To: The Honorable Chris Lee, Chair  
and Members of the House Committee on Energy and Environmental Protection

The Honorable Della Au Belatti, Chair  
and Members of the House Committee on Health

Date: Tuesday, February 16, 2016  
Time: 8:35 A.M.  
Place: Conference Room 325, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 2517, Relating to Cesspool Tax Credits.

The Department of Taxation (Department) appreciates the intent of H.B. 2517, defers to the Department of Health (DOH) on the merits of this bill, and provides the following comments regarding this measure for your consideration.

H.B. 2517 adds to the definition of "qualified cesspool" any cesspool that is within two hundred feet of an existing sewer system, for the purposes of determining eligibility for the upgrade, conversion, or connection tax credit under section 235-16.5, Hawaii Revised Statutes. The measure is effective upon approval.

It is not clear whether the change is intended to apply to tax years that begin on or after the effective date, or to tax years beginning after December 31, 2015, which is the date set forth in Act 120, Session Laws of Hawaii 2015, which first established the upgrade, conversion, or connection tax credit. The Department requests that the effective date be amended to clarify this issue.

Thank you for the opportunity to provide comments.



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**Testimony COMMENTING on HB2517  
RELATING TO CESSPOOL TAX CREDITS**

REPRESENTATIVE CHRIS LEE, CHAIR  
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

REPRESENTATIVE DELLA AU BELATTI, CHAIR  
HOUSE COMMITTEE ON HEALTH

Hearing Date: 02/16/2016  
Time: 8:35 AM

Room Number: 325

- 1 **Fiscal Implications:** This measure does not provide the resources needed by the Department to
- 2 certify cesspools that may be located within two hundred feet of an existing sewer system.
  
- 3 **Department Testimony:** The Department appreciates the intent of this bill that adds cesspools
- 4 that are located within two hundred feet of an existing sewer system to Section 235-16.5,
- 5 Hawaii Revised Statutes definition of “qualified cesspool.” However, the Department is not able
- 6 to certify which cesspools are located within 200 feet of an existing sewer system. The
- 7 Department does not maintain maps of sewer systems, which are typically operated by private
- 8 entities and the Counties.
  
- 9 The Department suggests that the bill be amended to assign the responsibility of certifying the
- 10 distance between cesspools and an existing sewer system to the owners of the sewer systems
- 11 because they maintain maps of their system.
  
- 12 Thank you for the opportunity to testify on this measure.