

STAND. COM. REP. NO.

591

Honolulu, Hawaii

February 17, 2017

RE: H.B. No. 1244  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committees on Health and Energy & Environmental  
Protection, to which was referred H.B. No. 1244 entitled:

"A BILL FOR AN ACT RELATING TO CESSPOOLS,"

beg leave to report as follows:

The purpose of this measure is to facilitate the mandatory  
upgrade, conversion, or connection to the sewer system of all  
cesspools in the State by:

- (1) Amending the existing Cesspool Upgrade, Conversion, or  
Connection Income tax credit to make it assignable,  
refundable, income-based, applicable to more cesspools,  
and available for an additional two taxable years;
- (2) Requiring that all cesspools in the State be upgraded or  
converted to meet specified standards or connected to a  
sewer system by January 1, 2050;
- (3) Establishing an income-based Cesspool Compliance Grant  
program to assist homeowners with the cost of upgrading,  
conversion, or connection and appropriating funds for  
the grant program; and
- (4) Mandating disclosure of the existence of a cesspool  
prior to a real property sale or transfer.



Your Committees received testimony in support of this measure from the Department of Health. Your Committees received testimony with comments on this measure from the Department of Taxation, Hawai'i Association of Realtors, Tax Foundation of Hawaii, and an individual.

Your Committees have amended this measure by:

- (1) Expanding the availability of the tax credit by:
  - (A) Deleting restrictions on the number of residential large capacity cesspools that may be eligible for the credit;
  - (B) Deleting income-based requirements for homeowner eligibility to claim the credit; and
  - (C) Expanding eligibility criteria for all cesspools;
- (2) Establishing a sliding scale for grant awards;
- (3) Deleting mandatory disclosure requirements for real estate transactions;
- (4) Changing its effective date to July 1, 2090, to encourage further discussion; and
- (5) Making nonsubstantive, technical amendments for the purpose of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Health and Energy & Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1244, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1244, H.D. 1, and be referred to your Committee on Finance.



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



---

CHRIS LEE, Chair



---

DELLA AU BELATTI, Chair





