

Honolulu, Hawaii

APR 07 2017

RE: H.B. No. 1244  
H.D. 1  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1244, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CESSPOOLS,"

begs leave to report as follows:

The purpose and intent of this measure is to facilitate the upgrade, conversion, or sewerage connection of cesspools in the State.

More specifically, the measure:

- (1) Amends the cesspool upgrade, conversion, or connection income tax credit to:
  - (A) Make the tax credit refundable;
  - (B) Expand the criteria for cesspools that qualify for the tax credit; and
  - (c) Extend the sunset date of the law for the credit to December 31, 2022;
- (2) Requires each cesspool to be upgraded or converted to a septic or aerobic treatment unit system, or connected to a sewerage system, by January 1, 2050, unless the



property owner obtains an exemption from the Director of Health;

- (3) Establishes a cesspool compliance grant program to help homeowners pay cesspool upgrade, conversion, or connection costs; and
- (4) Appropriates funds to the Department of Health for the purposes of the cesspool upgrade, conversion, or connection mandate and the cesspool compliance grant program.

Your Committee received written comments in support of this measure from the Department of Health; U.S. Green Building Code Council, Hawaii Chapter; The Nature Conservancy; Surfrider Foundation; Sierra Club of Hawaii; and one individual.

Your Committee received written comments in opposition to this measure from the Office of the Mayor, County of Hawaii.

Your Committee received written comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; and one individual.

Your Committee finds that every day, approximately ninety thousand cesspools in the State discharge approximately fifty-five million gallons of untreated sewage into the groundwater, from which comes ninety-five percent of all of Hawaii's drinking water. Because groundwater also flows into streams and the ocean, untreated water from cesspools threatens public health and harms the environment, including beaches and coral reefs. Your Committee believes that the mandate imposed and the monetary grants authorized by this measure will facilitate the phasing out of most cesspools.

Your Committee has amended this measure by:

- (1) Deleting all provisions relating to the cesspool upgrade, conversion, or connection income tax credit;
- (2) Changing its effective date to July 1, 2050, to facilitate further discussion on the measure; and



- (3) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

Your Committee notes that the measure does not place any limit on the amount of funds that a homeowner may receive from the cesspool compliance grant program, nor does it define the term "homeowner" for the purposes of that program. Your Committee also notes that the measure allows a property owner to receive an exemption from the cesspool upgrade, conversion, or sewerage connection mandate based on reasons that are very general and are left to the discretion of the Department of Health.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1244, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1244, H.D. 1, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
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JILL N. TOKUDA, Chair



