

Honolulu, Hawaii

February 8, 2018

RE: H.B. No. 2573  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 2573 entitled:

"A BILL FOR AN ACT RELATING TO CESSPOOLS,"

begs leave to report as follows:

The purpose of this measure is to reduce nonpoint contamination source pollution created by cesspools by:

- (1) Amending eligibility requirements for the cesspool upgrade, conversion, or connection income tax credit and extending the tax credit for an additional two years;
- (2) Establishing a cesspool compliance grant program within the Department of Health and appropriating funds for the program to assist homeowners with cesspool upgrade, connection, or conversion costs;
- (3) Requiring the Department of Health to develop guidelines to determine the circumstances under which disclosure of the existence of a cesspool shall be mandatory prior to the sale or transfer of real property on which the cesspool is located; and
- (4) Making the existence of a cesspool on real property a material fact required to be included in a seller's



disclosure statement under Hawaii's mandatory seller disclosures in real estate transactions law if such disclosure is determined to be mandatory pursuant to guidelines established by the Department of Health.

The Department of Health, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, Kokua Hawaii Foundation, and four concerned individuals testified in support of this measure. The Department of Taxation, Tax Foundation of Hawaii, and a concerned individual provided comments.

Your Committee has amended this measure by:

- (1) Deleting language:
  - (A) Amending the eligibility requirements for the cesspool upgrade, conversion, or connection income tax credit and extending the tax credit for an additional two years;
  - (B) Establishing a cesspool compliance grant program and appropriating funds for the program; and
  - (C) Requiring the Department of Health to develop guidelines to determine the circumstances under which disclosure of the existence of a cesspool shall be mandatory;
- (2) Amending language requiring disclosure of a cesspool under Hawaii's mandatory disclosures in real estate transactions law; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2573, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2573, H.D. 1, and be referred to your Committee on Health & Human Services.



Respectfully submitted on  
behalf of the members of the  
Committee on Energy &  
Environmental Protection,

*Michelle Loman for*  
CHRIS LEE, Chair



