



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
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WRITTEN  
TESTIMONY ONLY

**Testimony in SUPPORT of HB1802 HD1  
RELATING TO CESSPOOLS**

REPRESENTATIVE SYLVIA LUKE, CHAIR  
HOUSE COMMITTEE ON FINANCE

Hearing Date: February 23, 2018  
Time: 11:00 am

Room Number: 308

1 **Fiscal Implications:** None.

2 **Department Testimony:** The Department supports this measure. Cesspools are a major source of  
3 pollution to Hawaii's waters. There are approximately 88,000 cesspools in the State, discharging  
4 approximately 53 million gallons of untreated sewage into the groundwater every day.  
5 Groundwater flows into drinking water sources; since ninety-five percent of all drinking water in  
6 Hawaii comes from ground water sources, this cesspool pollution can potentially harm human  
7 health. Groundwater also flows into streams and the ocean, harming public health and the  
8 environment, including beaches, recreational waters, and coral reefs. Cesspools should be phased  
9 out in order to eliminate threats to drinking water and recreational waters. There is an urgent need  
10 to protect the public health and environment with cesspool upgrades as soon as feasible. These  
11 upgrades can be to sewer or individual wastewater systems that comply with the Department's  
12 Chapter 11-62, Hawaii Administrative Rules.

13 The cost of upgrades will be high, averaging \$20,000 to \$30,000, The Department is open to  
14 various forms of financial support for homeowners who upgrade. Expanded tax credits and grants  
15 are two possible options that would help homeowners afford the phasing out of cesspools.

16 The Department supports this measure of removing the restriction of certifying more than two  
17 residential large capacity cesspools as qualified cesspools because it should increase the number of  
18 cesspools that will be upgraded in the State and improve the utilization rate of the income tax credit  
19 program.

20 Thank you for the opportunity to testify on this measure.

DAVID Y. IGE  
GOVERNOR

DOUGLAS S. CHIN  
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA  
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To: The Honorable Sylvia Luke, Chair  
and Members of the House Committee on Finance

Date: Friday, February 23, 2018  
Time: 11:00 A.M.  
Place: Conference Room 308, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: H.B. 1802 H.D. 1, Relating to Cesspools

The Department of Taxation (Department) appreciates the intent of the measure and offers the following comments for your consideration.

H.B. 1802, H.D. 1, amends the cesspool upgrade, conversion, or connection income tax credit under Hawaii Revised Statutes section 235-16.5, by repealing the provision that restricts the Department of Health from certifying more than two residential large capacity cesspools as qualified cesspools. The measure has a defective of January 28, 2045, but otherwise applies to taxable years beginning after December 31, 2017.

This measure does not have a significant administrative impact on the Department and as such, the Department will be able to implement it with its current effective date.

Thank you for the opportunity to provide comments.

# TAX FOUNDATION OF HAWAII

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126 Queen Street, Suite 304

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**SUBJECT:** INCOME, Allows Dept. of Health to Certify More Large Cesspools

**BILL NUMBER:** HB 1802, HD1

**INTRODUCED BY:** House Committee on Energy & Environmental Protection

**EXECUTIVE SUMMARY:** Amends the cesspool upgrade, conversion, or connection income tax credit pilot program by repealing the provision that restricts DOH from certifying more than two residential large capacity cesspools as qualified cesspools.

**SYNOPSIS:** Amends the cesspool credit in section 235-16.5, HRS, to allow the Department of Health to certify more than two residential large capacity cesspools as qualified.

**EFFECTIVE DATE:** January 28, 2045, applies to taxable years beginning after December 31, 2017.

**STAFF COMMENTS:** The underlying provision is a tax credit for upgrading, conversion, or connecting a cesspool to a county sewer system or an individual wastewater system. The credit was enacted as a way for the government to help the public combat a public health issue, namely groundwater contamination by untreated sewage in cesspools.

Digested 2/21/2018

**HB-1802-HD-1**

Submitted on: 2/22/2018 10:42:39 AM

Testimony for FIN on 2/23/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments: