



STATE OF HAWAII
DEPARTMENT OF HEALTH
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WRITTEN
TESTIMONY ONLY

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

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

Hearing Date: February 13, 2018
Time: 8:30am

Room Number: 325

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

Date: Tuesday, February 13, 2018
Time: 8:30 A.M.
Place: Conference Room 325, State Capitol

Re: H.B. 1802, 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 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 DOH from certifying more than two residential large capacity cesspools as qualified cesspools. The measure is effective on July 1, 2018, and 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.

HB-1802

Submitted on: 2/12/2018 1:34:42 AM

Testimony for EEP on 2/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAII
TO THE COMMITTEE ON ENERGY AND ENVIRONMENTAL
PROTECTION**

THE HOUSE OF REPRESENTATIVES

TWENTY-NINTH LEGISLATURE

REGULAR SESSION OF 2018

Tuesday, February 13, 2018

8:30 a.m.

Hawaii State Capitol, Conference Room 325

RE: Testimony in Support of HB 1802, RELATING TO CESSPOOLS

To the Honorable Chris Lee, Chair; the Honorable Nicole E. Lowen, Vice-Chair and the Members of the Committee on Energy and Environmental Protection:

Good morning, my name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on House Bill No.1802 relating to cesspool upgrades and income tax credits.

The OCC Legislative Priorities Committee is in favor of House Bill No. 1802 and supports its passage as it 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.

House Bill No.1802 is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it incentivizes cesspool upgrades by providing income tax credits.

The DPH Platform states that the "Democratic Party of Hawai'i believes that the preservation and restoration of our natural environment are essential. We support a sustainable society that utilizes the Earth in such a way that future generations will benefit from the practices of our generation. We support the restoration, preservation, and protection of our native ecosystems on each island. We believe in integrated approaches, practices, and support public policies that create and maintain a sustainable way of life in Hawai'i.

We support the protection of our 'aina against destruction by corporate, government, or military usage and expect full restoration and reparation of environmental damage. To handle current and future demands for water we must assess the current condition of our aquifers and take appropriate actions to secure our freshwater resources.

We support the democratic participation of citizens and residents to protect (i) valuable coastal ecosystems and reefs from misuse and (ii) beaches for public use and recreation. The Hawai'i Coastal Zone Management (CZM) law HRS Chapter 205A, currently provides for public participation in the management of coastal resources. (Platform of the DPH, P. 8, Lines 422-430 (2016)).

Given that House Bill No.1802 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, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Tel.: (808) 258-8889

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

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

BILL NUMBER: HB 1802

INTRODUCED BY: LOWEN, BELATTI, BROWER, CULLEN, ING, KEOHOKALO, KOBAYSHI, C. LEE, LUKE, MCKELVEY, MIZUNO, MORIKAWA, NISHIMOTO, OHNO, TODD, WOODSON, YAMANE

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: 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 2/12/2018