

Honolulu, Hawaii
FEB 04 , 2022

RE: H.B. No. 1805
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1805 entitled:

"A BILL FOR AN ACT RELATING TO CESSPOOLS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require cesspool upgrades, conversions, or connections at the point of sale of real property, with certain exemptions; and
- (2) Provide a tax credit for the upgrade or conversion of a cesspool to a department-approved wastewater system or connection of a cesspool to a sewerage system.

Your Committee received testimony in support of this measure from the Department of Health, Life of the Land, Hawaii Reef and Ocean Coalition, WAI: Wastewater Alternatives & Innovations, Rotary Club Hanalei Bay, Surfrider Foundation, and fourteen individuals. Your Committee received testimony in opposition to this measure from the Hawai'i Association of REALTORS. Your Committee received comments on this measure from the Department of Taxation and Department of Budget and Finance.



Your Committee finds that Hawaii has nearly eighty-eight thousand cesspools that release more than fifty million gallons of raw sewage into the State's groundwater and surface waters every day. While the State established a requirement for all cesspools in the State to be connected to a sewerage system or upgraded or converted to certain Department of Health-approved wastewater management systems by 2050, further mechanisms must be in place to reduce the number of cesspools in the State, which have the potential to pollute groundwater and harm streams and coastal resources.

Your Committee has amended this measure by:

- (1) Specifying that a taxpayer's federal adjusted gross income be used as the income threshold determinant of the tax credit eligibility and amount;
- (2) Specifying that the income tax credit for a cesspool upgrade, conversion, or connection applies to taxable years beginning after December 31, 2022;
- (3) Clarifying that the upgraded or converted wastewater system be approved by the Director of Health;
- (4) Allowing cesspools to be converted within twelve months of the date of sale recordation;
- (5) Specifying that the cesspool upgrade, conversion, or connection point-of-sale mandate only applies to cesspools located on properties that are within one thousand feet of a shoreline, perennial stream, wetland, drinking water well, or sensitive body of water;
- (6) Authorizing the Department of Health to establish rules for the enforcement of cesspool upgrade, conversion, or connection point-of-sale requirements;
- (7) Inserting language that appropriates funds for four full-time equivalent (4.0 FTE) positions for the Department of Health's Wastewater Branch to assist with monitoring and enforcing cesspool upgrades, conversions, and connections;



- (8) Changing the effective date to July 1, 2100, to encourage further discussion; and
- (9) Making technical, nonsubstantive amendments for the purposes of 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. 1805, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1805, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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


NICOLE E. LOWEN, Chair



