

STAND. COM. REP. NO. **1335**

Honolulu, Hawaii

MAR 23 2023

RE: H.B. No. 1396
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committees on Agriculture and Environment and Public Safety and Intergovernmental and Military Affairs, to which was referred H.B. No. 1396, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CESSPOOLS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish and appropriate funds for a County Cesspool Conversion Pilot Program at the Department of Health to work with each county to identify a priority area to expand the county sewage system or other centralized treatment system to connect individual properties in the priority area and reduce or eliminate cesspools in the identified area;
- (2) Create a cesspool conversion section at the Department of Health to facilitate the conversion of cesspools within the State;
- (3) Establish and appropriate funds for cesspool conversion positions at the Department of Health;
- (4) Establish an income tax credit for the cost of upgrading or converting a qualified cesspool to a Director of



Health-approved wastewater system or connecting to a sewerage system; and

- (5) Require certain information regarding cesspools on real property to be included in seller mandatory disclosures for real property transactions.

Your Committees received testimony in support of this measure from the Department of Health, University of Hawai'i Sea Grant College Program and Water Resources Research Center, Office of the Mayor of the County of Kauai, Friends of Hanauma Bay, Hawai'i Association of REALTORS, Ulupono Initiative, Environmental Caucus of the Democratic Party of Hawai'i, Wastewater Alternatives and Innovations, Public Access to Sunscreens Coalition, Hawai'i Reef and Ocean Coalition, and three individuals. Your Committees received comments on this measure from the Department of Taxation.

Your Committees find that there are over eighty thousand cesspools in the State that discharge about fifty million gallons of raw sewage into groundwater sources every day. The discharge is of significant concern to residents and exacerbates public health and environmental challenges that are pressed upon the State. Thus, the State has established the mandate to connect to a sewerage system, upgrade, or convert all cesspools in Hawaii by 2050. This measure contains some of the substantive groundwork that is required to achieve this goal and includes the establishment and funding of a County Cesspool Conversion Pilot Program; a Cesspool Conversion Section and funding for positions at the Department of Health; an income tax credit to incentivize landowners and homeowners to convert their cesspools; and mandatory public disclosure of cesspools on real property in seller mandatory disclosures for real property transactions.

Your Committees have amended this measure by:

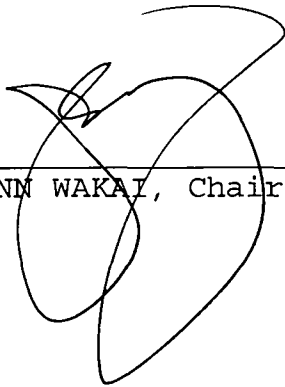
- (1) Inserting a new part that allows the Department of Health to retain experts to identify necessary public outreach and education resources and tools, and develop a comprehensive public outreach strategy and website to provide necessary information to educate homeowners regarding the State's cesspool upgrade, conversion, or connection to a sewerage system requirements and deadlines; and



- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Agriculture and Environment and Public Safety and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1396, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1396, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Agriculture and Environment and Public Safety and Intergovernmental and Military Affairs,



GLENN WAKAI, Chair



MIKE GABBARD, Chair



