

STAND. COM. REP. NO. **2527**

Honolulu, Hawaii

**FEB 16 2024**

RE: S.B. No. 2426  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committees on Agriculture and Environment and Health and Human Services, to which was referred S.B. No. 2426 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) Require certain priority level 1 cesspools to be upgraded, converted, or connected before January 1, 2035;
- (2) Require priority level 2 cesspools to be upgraded, converted, or connected before January 1, 2040;
- (3) Appropriate an unspecified amount of funds to implement the Cesspool Compliance Pilot Grant Project established pursuant to Act 153, Session Laws of Hawaii 2022; and
- (4) Establish a Cesspool Upgrade, Conversion, or Connection Income Tax Credit.

Your Committees received testimony in support of this measure from the Department of Health, Hawaii Green Infrastructure Authority, Hawai'i Climate Change Mitigation and Adaptation Commission, University of Hawai'i Sea Grant College Program, UH Water Resources Research Center, one member of the Kauai County



Council, Environmental Caucus of the Democratic Party of Hawai'i, Wastewater Alternatives and Innovations LLC, Friends of Hanauma Bay, Public Access to SunScreens Coalition, The Coral Reef Alliance, Kua'aina Ulu 'Auamo, Puakō for Reefs, Indivisible Hawaii, Hawai'i Reef and Ocean Coalition, Climate Protectors Hawai'i, and eight individuals.

Your Committees received testimony in opposition to this measure from Kingdom Pathways.

Your Committees received comments on this measure from the Department of the Attorney General, Department of Taxation, Hawai'i Association of REALTORS, and Tax Foundation of Hawaii.

Your Committees find that the Cesspool Conversion Working Group established pursuant to Act 132, Session Laws of Hawaii 2018, was convened to facilitate the upgrade or conversion of cesspools on properties within priority upgrade areas to more environmentally-responsible waste treatment systems or the connection of these cesspools to sewer systems before 2050. This measure implements various recommendations of the Cesspool Conversion Working Group.

According to testimony received by your Committees, prioritizing and accelerating conversion dates for cesspool systems with the most severe impacts will not only provide more timely protection of the State's groundwater sources, but also a sense of urgency to property owners, while allowing the industry to gear up for increased demand. Additional testimony also stated that the provision of grants to certain owners and lessees on Hawaiian home lands and tax credits on qualified cesspool upgrades, conversions, and connections will help offset the cost to comply with the 2050 deadline. Your Committees recognize the high cost of upgrading, converting, or connecting for the average owner of a cesspool in the State, and respectfully requests that the establishment of a cesspool conversion grant program for low- and moderate-income families be considered as this measure moves forward in the legislative process.

Your Committees further recognize the concerns raised by the Department of the Attorney General that section 8 of this measure, which eliminates the auditing requirement on tax credits for organically produced agricultural products, is beyond the scope of



the title of this measure and therefore may violate the single subject requirement of Section 14, Article III of the Hawaii State Constitution.

Accordingly, your Committees have amended this measure by:

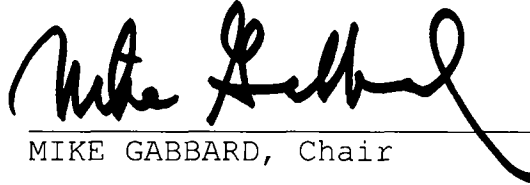
- (1) Deleting section 8 of this measure; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Agriculture and Environment and Health and Human Services that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2426, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2426, 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 Health and  
Human Services,



JOY A. SAN BUENAVENTURA, Chair



MIKE GABBARD, Chair



The Senate  
Thirty-Second Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Agriculture and Environment**  
**AEN**

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------|----------|----------|
| Bill / Resolution No.:*<br><i>SB 2426</i>                                                                                                                                                                        | Committee Referral:<br><i>AEN/HHS, WAM</i> | Date:<br><i>2/9/24</i> |          |          |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure.<br>If so, then the previous decision was to: _____                                                                |                                            |                        |          |          |
| The Recommendation is:<br><input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 |                                            |                        |          |          |
| Members                                                                                                                                                                                                          | Aye                                        | Aye (WR)               | Nay      | Excused  |
| GABBARD, Mike (C)                                                                                                                                                                                                | ✓                                          |                        |          |          |
| RICHARDS, III, Herbert M. "Tim" (VC)                                                                                                                                                                             |                                            |                        |          | ✓        |
| DECOITE, Lynn                                                                                                                                                                                                    |                                            |                        |          | ✓        |
| RHOADS, Karl                                                                                                                                                                                                     | ✓                                          |                        |          |          |
| AWA, Brenton                                                                                                                                                                                                     | ✓                                          |                        |          |          |
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| <b>TOTAL</b>                                                                                                                                                                                                     | <i>3</i>                                   | <i>0</i>               | <i>0</i> | <i>2</i> |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted                                                                                                                 |                                            |                        |          |          |
| Chair's or Designee's Signature: <i>Karl Rhoads</i>                                                                                                                                                              |                                            |                        |          |          |
| <b>Distribution:</b> Original    Yellow    Pink    Goldenrod<br>File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy                                                           |                                            |                        |          |          |

\*Only one measure per Record of Votes

The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Health and Human Services**  
**HHS**

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------|------------|----------------|
| Bill / Resolution No.:*<br><b>SB 2426</b>                                                                                                                                                                        | Committee Referral:<br><b>AEN/HHS, WAM</b> | Date:<br><b>2/9/24</b> |            |                |
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| <b>Members</b>                                                                                                                                                                                                   | <b>Aye</b>                                 | <b>Aye (WR)</b>        | <b>Nay</b> | <b>Excused</b> |
| SAN BUENAVENTURA, Joy A. (C)                                                                                                                                                                                     | ✓                                          |                        |            |                |
| AQUINO, Henry J.C. (VC)                                                                                                                                                                                          | ✓                                          |                        |            |                |
| KEOHOKALOLE, Jarrett                                                                                                                                                                                             | ✓                                          |                        |            |                |
| SHIMABUKURO, Maile S.L.                                                                                                                                                                                          | ✓                                          |                        |            |                |
| AWA, Brenton                                                                                                                                                                                                     | ✓                                          |                        |            |                |
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| <b>TOTAL</b>                                                                                                                                                                                                     | 5                                          |                        |            |                |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted                                                                                                                 |                                            |                        |            |                |
| Chair's or Designee's Signature:                                                                                                                                                                                 |                                            |                        |            |                |
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