
A BILL FOR AN ACT

RELATING TO CESSPOOLS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to part I to be appropriately
3 designated and to read as follows:

4 "§235- Cesspool conversion; income tax credit. (a)

5 There shall be allowed to each individual and corporate taxpayer
6 subject to the tax imposed under this chapter, a cesspool
7 conversion tax credit that shall be applied against the
8 taxpayer's state individual or corporate net income tax
9 liability, if any, imposed by this chapter for the taxable year
10 in which the credit is properly claimed.

11 (b) The cesspool conversion tax credit shall be equal
12 to per cent of the qualified expenses of the taxpayer or
13 \$, whichever is less.

14 (c) To be eligible for a cesspool conversion tax credit, a
15 taxpayer shall obtain verification from the county agency
16 responsible for issuing installation permits; provided that the
17 cesspool conversion tax credit shall be available to a taxpayer



1 only after the county agency has approved the installation as
2 meeting the requirements for the cesspool conversion tax credit.

3 (d) The director of taxation:

4 (1) Shall prepare forms that may be necessary to claim a
5 tax deduction under this section;

6 (2) May require the taxpayer to furnish reasonable
7 information, including evidence of county verification
8 and approval as provided in subsection (c), to
9 ascertain the validity of the claim for the deduction
10 made under this section; and

11 (3) May adopt rules under chapter 91 as necessary to
12 effectuate the purposes of this section.

13 (e) If the tax credit under this section exceeds the
14 taxpayer's income tax liability, the excess of the credit over
15 liability shall be refunded to the taxpayer; provided no refund
16 on account of the tax credit allowed by this section shall be
17 made for amounts less than \$1. All claims for the tax credit
18 under this section, including amended claims, shall be filed on
19 or before the end of the twelfth month following the close of
20 the taxable year for which the credit may be claimed. Failure



1 to comply with this subsection shall constitute a waiver of the
2 right to claim the credit.

3 (f) This section shall not apply to taxable years beginning
4 after December 31, .

5 (g) For the purposes of this section:

6 "Aerobic treatment unit system" means an individual
7 wastewater system that consists of an aerobic treatment unit
8 tank, aeration device, piping, and a discharge method that is in
9 accordance with rules adopted by the department of health
10 relating to household aerobic units.

11 "Cesspool" means an individual wastewater system consisting
12 of an excavation in the ground whose depth is greater than its
13 widest surface dimension, which receives untreated wastewater,
14 and retains or is designed to retain the organic matter and
15 solids discharged into it, but permits the liquid to seep
16 through its bottom or sides to gain access to the underground
17 geographic formation.

18 "Qualified expenses" means costs that are necessary and
19 directly incurred by the taxpayer for converting a cesspool into
20 a septic system or an aerobic treatment unit system, or
21 connecting a cesspool to a sewer system.



1 "Septic system" means an individual wastewater system that
2 typically consists of a septic tank, piping, and a drainage
3 field where there is natural biological decontamination as
4 wastewater discharged into the system is filtered through soil.

5 "Sewer system" means a system of piping, with
6 appurtenances, for collecting and conveying wastewater from
7 source to discharge following treatment."

8 SECTION 2. New statutory material is underscored.

9 SECTION 3. This Act shall take effect upon its approval
10 and shall apply to taxable years beginning after December 31,
11 2015; provided that this Act shall be repealed on .



Report Title:

Income Tax Credit; Cesspool Conversion

Description:

Provides a temporary income tax credit for the cost of converting a cesspool to a septic system or an aerobic treatment unit system or connecting a cesspool to a sewer system. (SD1)

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