CONFERENCE COMMITTEE REP. NO. 75

Honolulu, Hawaii

## APR 2 9 2016

RE: S.B. No. 3084

- S.D. 1
- H.D. 2
- C.D. 1

Honorable Ronald D. Kouchi President of the Senate Twenty-Eighth State Legislature Regular Session of 2016 State of Hawaii

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Eighth State Legislature Regular Session of 2016 State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 3084, S.D. 1, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CESSPOOLS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to provide targeted incentives for the upgrade or conversion of cesspools.

Specifically, this measure:

- Disallows the income tax credit for cesspool upgrade, conversion, or connection for taxpayers whose federal adjusted gross income exceeds certain amounts;
- (2) Authorizes the Department of Health to establish a cesspool upgrade, conversion, or connection tax credit or



rebate program to offset qualified expenses incurred by low-income households;

- (3) Authorizes the use of the credit for large-capacity cesspools connected to residential units;
- (4) Provides that cesspools located within two hundred feet of an existing sewer system may be certified by the county; and
- (5) Requires the Department of Health to report to the Legislature prior to the Regular Session of 2017 on further recommendations to compel or incentivize cesspool conversion.

Your Committee on Conference finds that, in order to reduce the contamination of groundwater, drinking water sources, streams, and the ocean caused by cesspool pollution, Act 120, Session Laws of Hawaii 2015, established a temporary income tax credit for taxpayers who upgrade or convert a qualified cesspool into a septic system or an aerobic treatment unit system, or who connect a qualified cesspool to a sewer system. Your Committee on Conference also finds that, as currently written, the income tax credit statute is ambiguous regarding the availability of the tax credit for cesspools that are connected to multiple residential units.

Your Committee on Conference has amended this measure by:

- Deleting all of its provisions, except for the provision that clarifies the availability of the income tax credit for cesspool upgrade, conversion, or connection for cesspools connected to multiple residential units; and
- (2) Clarifying that the residential large-capacity cesspools must be connected to more than one residence in order to be eligible for the tax credit.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3084, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3084, S.D. 1, H.D. 2, C.D. 1.



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Respectfully submitted on behalf of the managers:

ON THE PART OF THE HOUSE

CHI Co-Chair ΕE

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DELLA AU BELATTI, Co-Chair

NICOLE E. LOWEN, Co-Chair

ON THE PART OF THE SENATE

J. KALANI ENGLISH, Chair



## Hawaii State Legislature



## **Record of Votes of a Conference Committee**

Bill / Concurrent Resolution No.: SB 3084, SD 1, HD 2					Date/Time: 29 April 2016 10:30 pm				
The recommendation of the House and Senate managers is to pass with amendments (CD).									
The Committee is reconsidering its previous decision.									
The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
ENGLISH, J. Kalani, Chr.					LEE, Chris, Co-Chr.				
INOUYE, Lorraine R.	/				BELATTI, Della Au, Co-Chr.				
RIVIERE, Gil					LOWEN, Nicole E., Co-Chr.				
					CREAGAN, Richard P.				
					TUPOLA, Andria P.L.				/
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TOTAL				1	TOTAL	4			1
<b>A</b> = Aye	WR = Av	e with I	l. Reser	yation	L <u></u>	E = Exc	used	<u> </u>	•
A = AyeWR = Aye with ReservationSenate Recommendation is:				House Recommendation is:					
Adopted Not Adopted					Adopted Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
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