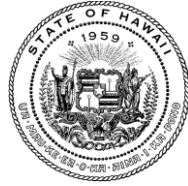


DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Nicole E. Lowen, Chair;
The Honorable Lisa Marten, Vice Chair;
and Members of the House Committee on Energy and Environmental Protection

From: Isaac W. Choy, Director
Department of Taxation

Date: Tuesday, February 1, 2022
Time: 9:00 A.M.
Place: Via Video Conference, State Capitol

Re: H.B. 1805, Relating to Cesspools

The Department of Taxation (Department) appreciates the intent of H.B. 1805 and offers the following comments for the committee's consideration.

H.B. 1805 creates a new refundable tax credit for qualified expenses incurred through cesspool upgrade, connection, or conversion. One tax credit may be issued per cesspool, with expenses upon which the credit is computed determined at the entity level, and distribution and share of credit determined by rule. The credit amount is equal to the taxpayer's qualified expenses, defined as costs that are "necessary and directly incurred by the taxpayer for upgrading or converting a cesspool to a department-approved wastewater system or connecting a cesspool to a sewerage system, and that are certified as such by the appropriate government agency." The credit is capped at either \$15,000 per residential dwelling connected, \$10,000 per residential dwelling connected, \$7,500 per residential dwelling connected, or \$0 per residential dwelling connected, depending on where a taxpayer falls in four unspecified tiers of adjusted gross income. There is also an unspecified aggregate cap amount for all taxpayers in any taxable year. The Department of Health is required to record all qualified expenses certified by an appropriate government agency for the taxable year, and to certify to each taxpayer the amount that they may claim. The measure is effective upon approval, with the new credit applying to taxable years beginning after December 31, 2021 and ending before January 1, 2036. The Act is effective upon approval, with section 3 applying to taxable years beginning after December 31, 2023, and repealing on December 31, 3035.

First, the Department defers to the Department of Health on its ability to certify this credit and administer its aggregate cap, but respectfully requests that this certification provision be maintained. The Department lacks the subject-matter expertise to properly administer this credit without third-party certification.

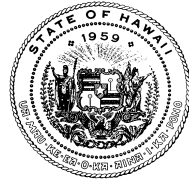
Second, as currently drafted, the measure's definition of "qualified expenses" refers to "department-approved wastewater system[s]." Because this language amends Title 14, Hawaii Revised Statutes, the use of the word "department" here would mean the Department of Taxation. The Department requests that this definition be amended to specify that the Department of Health is to approve the wastewater system.

Third, the Department notes that the credit is tiered based on a taxpayer's "adjusted gross income." The Department recommends amending the measure to use federal adjusted gross income as the threshold determinant for credit eligibility, as federal AGI can give a much more accurate representation of a taxpayer's financial situation.

Fourth, the Department also notes that the proposed credit is refundable. As a general matter, the Department prefers nonrefundable credits because refundable credits create a higher potential for improper claims and abuse. The Department therefore recommends that this credit be made non-refundable.

Finally, the Department notes that there is ambiguity around the measure's effective date and the credit's applicability. Section 3 states that the new credit applies to taxable years beginning after December 31, 2021 and ending before January 1, 2036; the effective date in Section 6 states that section 3 shall apply to taxable years beginning after December 31, 2023, and that the act shall be repealed on December 31, 2035. In addition to the conflicting dates of tax applicability, if the entire Act were to repeal on December 31, 2035, some taxpayers may be left in a position where they incurred qualified expenses during the 2035 tax year but could never claim the credit because the Department of Health's certification authority was repealed. The Department respectfully requests that this provision be clarified.

Thank you for the opportunity to provide comments.



STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

**Testimony in SUPPORT of HB1805
RELATING TO CESSPOOLS**

REPRESENTATIVE NICOLE E. LOWEN, CHAIR
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Hearing Date: 2/1/2022 Room Number: 325

1 **Fiscal Implications:** The Department of Health (Department) would need additional resources
2 to implement the income tax and mandatory cesspool upgrade programs that are being proposed
3 by this bill. This measure may also impact the priorities identified in the Governor’s Executive
4 Budget Request for the Department’s appropriations and personnel priorities.

5 **Department Testimony:** The Department supports this measure as long as it does not impact
6 the priorities requested in the Executive Budget. Cesspools are a major source of pollution to
7 Hawaii’s waters. There are approximately 88,000 cesspools in the State, discharging millions of
8 gallons of untreated sewage into the groundwater every day. The sewage polluted groundwater
9 flows into drinking water sources, streams and the ocean, harming public health and the
10 environment, including beaches and coral reefs. Ninety-five percent of all drinking water in
11 Hawaii comes from groundwater sources. Cesspools should be phased out to eliminate threats to
12 drinking water and recreational waters. The Department supports this measure as it would help
13 to facilitate the phasing out of cesspool by requiring upgrades to cesspools at the time of sale and
14 would establish a tax credit program for the upgrades.

15 **Offered Amendments:** The proposed amendment to §342D-72(a)(1), “a department-approved
16 wastewater system;” should be revised to “a director-approved wastewater system;” The
17 definition of “Qualified expenses” should also be revised to reference a director-approved
18 wastewater system instead of a department-approved wastewater system. Wastewater systems
19 are approved by the Director of Health and not the Department.

- 1 Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
ON
HOUSE BILL NO. 1805

February 1, 2022
9:00 a.m.
Room 325 & Videoconference

RELATING TO CESSPOOLS

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 1805 adds a new section to Chapter 342D, HRS, to require any cesspool on real property that is sold or whose ownership is transferred on or before January 1, 2024, to be upgraded or converted to an approved wastewater system or connected to a sewage system; and adds a new section to Chapter 235, HRS, to establish a tax credit up to \$15,000 for taxpayers who make a cesspool upgrade, conversion, or sewage connection.

B&F notes that the federal American Rescue Plan (ARP) Act restricts states from using ARP Coronavirus State Fiscal Recovery Funds (CSFRF) to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation beginning on March 3, 2021, through the last day of the fiscal year in which the CSFRF have been spent. If a state cuts taxes during this period, it must demonstrate how it paid for the tax cuts from sources other than the CSFRF, such as:

- By enacting policies to raise other sources of revenue;

- By cutting spending; or
- Through higher revenue due to economic growth.

If the CSFRF provided have been used to offset tax cuts, the amount used for this purpose must be repaid to the U.S. Treasury.

The U.S. Department of Treasury has issued rules governing how this restriction is to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with this ARP restriction.

Thank you for your consideration of our comments.

HB-1805

Submitted on: 1/29/2022 12:02:45 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Henry Curtis	Life of the Land	Support	Yes

Comments:

Please pass. Mahalo

HB-1805

Submitted on: 1/31/2022 8:24:56 AM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Ted Bohlen	Hawaii Reef and Ocean Coalition	Support	Yes

Comments:

To: The Honorable Nicole Lowen, Chair, the Honorable Lisa Marten, Vice Chair, and Members of the House Committee on Energy and Environmental Protection

From: Hawaii Reef and Ocean Coalition (by Ted Bohlen)

Re: Hearing HB1805 RELATING TO CESSPOOLS.

Hearing: Tuesday, February 1, 2022, 9:00 a.m., by videoconference

Aloha Chair Lowen, Vice Chair Marten, and members of the House Committee on Energy and Environmental Protection:

The HAWAI'I REEF AND OCEAN COALITION-HIROC- **STRONGLY SUPPORTS HB1805!** HIROC was formed in 2017 by coral reef scientists, educators, local Hawaii environmental organizations, elected officials, and others to address the crisis facing Hawaii's coral reefs and other marine life. Coral reefs are being severely harmed by multiple causes, including particularly by nutrients from cesspools.

Effluent from cesspools— including untreated human waste, bacteria, viruses, pharmaceuticals, cleaning products, nitrogen, phosphorus, and other contaminants – is discharged directly into the ground. From there, these pollutants can make their way into groundwater systems and near shore marine environments. In coastal areas in Hawai'i with porous soils and substrates, studies have shown that waste from failing individual wastewater systems (such as cesspools, septic systems and aerobic treatment units designed to dispose of not more than 1,000 gallons of domestic wastewater per day) can reach near-shore waters within a matter of minutes to just a few days. Though it sometimes takes longer, the waste does flow toward, and can eventually degrade, surface waters.

Hawaii's tourism, recreational lifestyle, and shorelines depend on healthy coral reefs. Hawaii receives over \$1 million per year in grants from the federal coastal zone program that is contingent on the State taking measures to address and minimize polluted runoff, including runoff from on-site sewage facilities. In order to preserve federal funding and our environment, replacing coastal cesspools now should be a priority for Hawaii.

The bill proposes to reduce the polluted runoff created by cesspools by requiring their upgrade at the time of an attached property's transfer or sale. The bill exempts property transfers within families, between joint tenants or tenants in common, or spouses dissolving marriages. A cesspool shall be renovated within one year by the current owner or buyer with written agreement to meet DOH's design and construction standards.

Under Hawaii law, cesspools must be upgraded by 2050. **This bill's requiring upgrade on transfer makes good sense financially as well as environmentally. Property buyers and sellers have capital at transfer that most do not have at other times. They can negotiate between them on who shall pay for inspections (and upgrades where one is needed) as part of the transfer. This bill provides a gradual way for some cesspools to be upgraded without State funds, at a time of least hardship to property owners.**

In addition, **the bill would help mitigate the burden of upgrading cesspools on lower and middle income taxpayers** by providing a ratcheted tax credit until 2035, as an incentive for cesspool upgrade, conversion or sewer connection.

Please pass this bill to protect our precious coral reefs and oceans from the harms of wastewater pollution in this most cost-effective manner!

Mahalo!

Hawaii Reef and Ocean Coalition (by Ted Bohlen)

February 1, 2022

The Honorable Nicole E. Lowen, Chair

House Committee on Energy and Environmental Protection
Via Videoconference

RE: H.B. 1805 Relating to Cesspools

HEARING: Tuesday, February 1, 2022, at 9:00 a.m.

Aloha Chair Lowen, Vice Chair Marten, and Members of the Committee,

I am Ken Hiraki, Director of Government Affairs, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its over 10,800 members. HAR **opposes** House Bill 1805, which requires the upgrade, conversion, or connection of cesspools upon sale of real property, with certain exemptions. Establishes a temporary income tax credit until 12/31/2035 for costs of cesspool upgrade, conversion, or connection.

Act 132, Session Laws of Hawai'i 2018, created a Cesspool Conversion Working group comprised of various government and industry partners, including Hawai'i REALTORS®. The work of the Working Group is not finalized and as such HAR believes that this measure is premature until a comprehensive plan is finalized.

Mahalo for the opportunity to testify.



Jan. 31, 2022

In Support of **HB1805** Relating to Cesspools
House Committee on Energy and Environmental Protection (EEP)
Hearing on Feb. 1, 9:00am

Aloha, Chair Lowen, Vice-Chair Marten and Members of the Committee:

On behalf of the non-profit WAI: Wastewater Alternatives & Innovations, I am writing in **strong support of HB1805 with amendments**. This bill would reduce polluted runoff from cesspools by requiring their conversion upon point of sale (POS) of a property with exemptions, while also providing a tax credit to help homeowners cover the cost of converting their cesspools.

The Hawaii Dept. Of Health (DOH) and the people of Hawaii need this law to make sure their wastewater systems aren't polluting the groundwater or nearby surface waters. As a member of the State's Cesspool Conversion Working Group, I believe this bill is an important policy tool for the state to fulfill its mandate under Act 125 to convert all cesspools by 2050. Hawaii has more than 88,000 cesspools across the state, discharging 53 million gallons of raw sewage each day into Hawaii's waters. That's similar to a massive sewage spill every day!

Hawaii is struggling to deal with this sewage pollution problem and meet the mandate to convert all cesspools in the next three decades. Most homeowners don't have enough money to convert their individual cesspools, but with this law, buyers and sellers can negotiate and/or share the cost during the point of sale. Otherwise, unimproved cesspools become a liability for all involved.

WAI is dedicated to protecting our drinking water, groundwater and near-shore ecosystems by reducing sewage pollution from cesspools and failing septic systems. Our goal is to help find more innovative, affordable, and eco-friendly solutions to wastewater management. Better sanitation systems reduce sewage pollution and make properties more valuable, while also protecting our groundwater, streams, and the health of our coral reefs and coastal areas.

We support adding the following amendments: 1. Cesspools should be converted before Point of Sale of a property or *within twelve months of the date of sale recordation* (except for listed exemptions); 2. *Focus on cesspools that are within 500 feet of a shoreline, perennial stream, wetland, well or sensitive body of water*; 3. Create an appropriation for four full-time equivalent positions at the Hawaii Department of Health to monitor and enforce the conversions for each county.

Based on successful bills in other states like Massachusetts, New Jersey, New York and Rhode Island, this bill creates a practical and expedient way to convert cesspools during the point of sale or transfer of a property. It will also help the state and the DOH tackle the problems of cesspools. Mahalo for your leadership on this issue and support of this bill.

Aloha,
Stuart Coleman
Stuart H. Coleman, Executive Director

HB-1805

Submitted on: 1/31/2022 3:03:59 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Mark Wolfendale	Rotary Club Hanelie Bay	Support	No

Comments:

Aloha Chair Lowen, Vice Chair Marten, and members of the House Committee on Energy and Environmental Protection:

The Rotary Club of Hanalei Bay STRONGLY SUPPORT HB1805! Coral reefs are being severely harmed by multiple causes, including particularly by nutrients from cesspools. Effluent from cesspools— including untreated human waste, bacteria, viruses, pharmaceuticals, cleaning products, nitrogen, phosphorus, and other contaminants – is discharged directly into the ground. From there, these pollutants can make their way into groundwater systems and near shore marine environments. In coastal areas in Hawai‘i with porous soils and substrates, studies have shown that waste from failing individual wastewater systems (such as cesspools, septic systems and aerobic treatment units designed to dispose of not more than 1,000 gallons of domestic wastewater per day) can reach near-shore waters within a matter of minutes to just a few days. Though it sometimes takes longer, the waste does flow toward, and can eventually degrade, surface waters.

Hawaii's tourism, recreational lifestyle, and shorelines depend on healthy coral reefs. Hawaii receives over \$1 million per year in grants from the federal coastal zone program that is contingent on the State taking measures to address and minimize polluted runoff, including Stakeholders

runoff from on-site sewage facilities. In order to preserve federal funding and our environment, replacing coastal cesspools now should be a priority for Hawaii.

The bill proposes to reduce the polluted runoff created by cesspools by requiring their upgrade at the time of an attached property's transfer or sale. The bill exempts property transfers within families, between joint tenants or tenants in common, or spouses dissolving marriages. A cesspool shall be renovated within one year by the current owner or buyer with written agreement to meet DOH's design and construction standards.

Under Hawaii law, cesspools must be upgraded by 2050. This bill's requirement for an upgrade on transfer makes good sense financially as well as environmentally. Property buyers and sellers have capital at transfer that most do not have at other times. They can negotiate between them on who shall pay for inspections (and upgrades where one is needed) as part of the transfer. This bill provides a gradual way for some cesspools to be upgraded without State funds, at a time of least hardship to property owners.

In addition, the bill would help mitigate the burden of upgrading cesspools on lower and middle income taxpayers by providing a ratcheted tax credit until 2035, as an incentive for cesspool upgrade, conversion or sewer connection.

I support adding the following amendments:

1. Cesspools should be converted before Point of Sale of a property or within twelve months of the date of sale recordation (except for listed exemptions)
2. Focus on cesspools that are within 500 feet of a shoreline, perennial stream, wetland, well or sensitive body of water
3. Create an appropriation for four full-time equivalent positions at the Hawaii Department of Health to monitor and enforce the conversions for each county.

Please pass this bill to protect our precious coral reefs and oceans from the harms of wastewater pollution in this most cost-effective manner!

Mahalo

HB-1805

Submitted on: 1/29/2022 1:04:09 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Douglas Perrine	Individual	Support	No

Comments:

Support

Bill: House Bill 1805
Title: Relating to Cesspools
Position: SUPPORT
Committees: Energy and Environmental Protection
Date: February 1, 2022 9:00 am

Aloha Honorable Chair Lowen, Vice Chair Marten, and Committee Members,

My name is Vickie Parker Kam and I am writing to you in support of HB1805 that requires the upgrade, conversion, or connection of cesspools upon sale of real property, with certain exemptions.

It is time to get serious about protecting Hawaii's natural environment. HB1805 would establish a temporary income tax credit until 12/31/2035 for costs of cesspool upgrade, conversion, or connection. This would allow for upgrades to cesspool systems throughout the state and create the opportunity to increase work related to this field for years to come.

We are blessed with the most amazing natural resources and should take action to protect them for future generations.

Mahalo Nui Loa,
Vickie Parker Kam
Makakilo/Kapolei

HB-1805

Submitted on: 1/30/2022 8:37:52 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Ulalia Woodside	Individual	Support	No

Comments:

Aloha,

I am writing in support of HB1805 regarding supporting the conversion of cesspools with an individual taxpayer tax credit. The conversion of cesspools is important for the health of our nearshore waters, reefs and fisheries. I am a resident of Waimanalo directly effected by legislation mandating cesspool conversion. To incentivize the timely conversion, it would be helpful to recognize and support the significant cost to be borne by homeowners and to provide more of a credit or reimbursement to homeowners that better reflects the actual costs.

Thank you for drafting a solution to support homeowners to make this conversion, and for the opportunity to provide testimony in support of HB1805.

Mahalo,

Ulalia Woodside

HB-1805

Submitted on: 1/31/2022 11:55:40 AM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Nanea Lo	Individual	Support	No

Comments:

Hello,

My name is Nanea Lo. I come from Papakōlea, O‘ahu born and raised. I'm writing in support of HB1805.

Requires the upgrade, conversion, or connection of cesspools upon sale of real property, with certain exemptions. Establishes a temporary income tax credit until 12/31/2035 for costs of cesspool upgrade, conversion, or connection.

me ke aloha ‘āina,
Nanea Lo

Mō‘ili‘ili District 1

HB-1805

Submitted on: 1/31/2022 1:04:55 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Gillian Dunn	Individual	Support	No

Comments:

Aloha Chair Lowen, Vice Chair Marten, and members of the House Committee on Energy and Environmental Protection:

I am writing to strongly support HB1805. Our health and environment are being harmed by multiple causes, including from cesspools, and we must act now. Human waste with its fecal pathogens, chemicals, pharmaceuticals, and so on are highly damaging. It hams our health, the health of other animals and plants, the environment, whole ecosystems like coral reefs, livelihoods, tourism, and how we feel and live in the islands.

The bill proposes to reduce the polluted runoff created by cesspools by requiring their upgrade at the time of an attached property's transfer or sale. The bill exempts property transfers within families, between joint tenants or tenants in common, or spouses dissolving marriages. A cesspool must be renovated within one year by the current owner or buyer with written agreement to meet DOH's design and construction standards.

Under Hawaii law, cesspools must be upgraded by 2050. This bill's requirement for an upgrade on transfer makes good sense financially as well as environmentally. Property buyers and sellers have capital at transfer that most do not have at other times. They can negotiate between them on who shall pay for inspections (and upgrades where one is needed) as part of the transfer. This bill provides a gradual way for some cesspools to be upgraded without State funds, at a time of least hardship to property owners.

In addition, the bill would help mitigate the burden of upgrading cesspools on lower and middle income taxpayers by providing a ratcheted tax credit until 2035, as an incentive for cesspool upgrade, conversion or sewer connection.

I support adding the following amendments:

1. Cesspools should be converted before Point of Sale of a property or within twelve months of the date of sale recordation (except for listed exemptions)
2. Focus on cesspools that are within 500 feet of a shoreline, perennial stream, wetland, well or sensitive body of water
3. Create an appropriation for four full-time equivalent positions at the Hawaii Department of Health to monitor and enforce the conversions for each county.

Please pass this bill to protect us and the ecosystems we are responsible for from the harms of wastewater pollution in this most cost-effective manner.

Mahalo!

HB-1805

Submitted on: 1/31/2022 4:14:22 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Rick Gerding	Individual	Support	No

Comments:

Aloha Chair Lowen, Vice Chair Marten, and members of the House Committee on Energy and Environmental Protection:

I STRONGLY SUPPORT HB1805!

Coral reefs are being severely harmed by multiple causes, including particularly by nutrients from cesspools.

Effluent from cesspools— including untreated human waste, bacteria, viruses, pharmaceuticals, cleaning products, nitrogen, phosphorus, and other contaminants – is discharged directly into the ground. From there, these pollutants can make their way into groundwater systems and near shore marine environments. In coastal areas in Hawai‘i with porous soils and substrates, studies have shown that waste from failing individual wastewater systems (such as cesspools, septic systems and aerobic treatment units designed to dispose of not more than 1,000 gallons of domestic wastewater per day) can reach near-shore waters within a matter of minutes to just a few days. Though it sometimes takes longer, the waste does flow toward, and can eventually degrade, surface waters.

Hawaii's tourism, recreational lifestyle, and shorelines depend on healthy coral reefs. Hawaii receives over \$1 million per year in grants from the federal coastal zone program that is contingent on the State taking measures to address and minimize polluted runoff, including

Stakeholders

runoff from on-site sewage facilities. In order to preserve federal funding and our environment, replacing coastal cesspools now should be a priority for Hawaii.

The bill proposes to reduce the polluted runoff created by cesspools by requiring their upgrade at the time of an attached property's transfer or sale. The bill exempts property transfers within

families, between joint tenants or tenants in common, or spouses dissolving marriages. A cesspool shall be renovated within one year by the current owner or buyer with written agreement to meet DOH's design and construction standards.

Under Hawaii law, cesspools must be upgraded by 2050. This bill's requirement for an upgrade on transfer makes good sense financially as well as environmentally. Property buyers and sellers have capital at transfer that most do not have at other times. They can negotiate between them on who shall pay for inspections (and upgrades where one is needed) as part of the transfer. This bill provides a gradual way for some cesspools to be upgraded without State funds, at a time of least hardship to property owners.

In addition, the bill would help mitigate the burden of upgrading cesspools on lower and middle income taxpayers by providing a ratcheted tax credit until 2035, as an incentive for cesspool upgrade, conversion or sewer connection.

I support adding the following amendments:

1. Cesspools should be converted before Point of Sale of a property or within twelve months of the date of sale recordation (except for listed exemptions)
2. Focus on cesspools that are within 500 feet of a shoreline, perennial stream, wetland, well or sensitive body of water
3. Create an appropriation for four full-time equivalent positions at the Hawaii Department of Health to monitor and enforce the conversions for each county.

Please pass this bill to protect our precious coral reefs and oceans from the harms of wastewater pollution in this most cost-effective manner!

Mahalo, Rick Gerding

HB-1805

Submitted on: 1/31/2022 4:22:26 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Branch Lotspeich	Individual	Support	No

Comments:

Aloha Chair Lowen, Vice Chair Marten, and members of the House Committee on Energy and Environmental Protection:

I STRONGLY SUPPORT HB1805!

Coral reefs are being severely harmed by multiple causes, including particularly by nutrients from cesspools.

Under Hawaii law, cesspools must be upgraded by 2050. This bill's requirement for an upgrade on transfer makes good sense financially as well as environmentally. Property buyers and sellers have capital at transfer that most do not have at other times. They can negotiate between them on who shall pay for inspections (and upgrades where one is needed) as part of the transfer. This bill provides a gradual way for some cesspools to be upgraded without State funds, at a time of least hardship to property owners.

In addition, the bill would help mitigate the burden of upgrading cesspools on lower and middle income taxpayers by providing a ratcheted tax credit until 2035, as an incentive for cesspool upgrade, conversion or sewer connection.

I support adding the following amendments:

1. Cesspools should be converted before Point of Sale of a property or within twelve months of the date of sale recordation (except for listed exemptions)

2. Focus on cesspools that are within 500 feet of a shoreline, perennial stream, wetland, well or sensitive body of water
3. Create an appropriation for four full-time equivalent positions at the Hawaii Department of Health to monitor and enforce the conversions for each county.

Please pass this bill to protect our precious coral reefs and oceans from the harms of wastewater pollution in this most cost-effective manner!

Mahalo

Branch Lotspeich

Resident

Kilauea, HI 96754

HB-1805

Submitted on: 1/31/2022 4:41:23 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Jackie Orsa	Individual	Support	No

Comments:

Aloha, Chair Lowen, Vice-Chair Marten and Members of the Committee:

I am writing in **strong support of HB1805 with amendments**. Cesspools contaminate Hawaii's waters and pose a major threat to the environment and to our human health. Hawaii's 88,000 cesspools across the state discharge 53 million gallons of raw sewage each day into Hawaii's waters. Cesspools leach untreated waste into the ground which travels quickly through the groundwater and into Hawaii's waters. The state passed a mandate in 2017 to convert all cesspools by 2050 and to convert all 88,000 cesspools, more legislation needs to be passed to assist homeowners in the conversion of their wastewater systems to more affordable, effective and environmentally friendly systems. A main barrier keeping homeowners from converting their cesspools is the cost and this proposed bill includes a tax credit which would help offset the cost.

I support adding the following amendments to HB 1805:

- 1. Cesspools should be converted before Point of Sale of a property or within twelve months of the date of sale recordation (except for listed exemptions)*
- 2. Only require conversions for cesspools that are within 500 feet of a shoreline, perennial stream, wetland, well or sensitive body of water*
- 3. Create an appropriation for four full-time equivalent positions at the Hawaii Department of Health to monitor and enforce the conversions for each county.*

I live on Hawai'i Island where there are over 50,000 cesspools and work as a Realtor. With the tax credit increasing depending on the income of the household, I feel confident that this Bill's financial assistance opens the doors for Buyers & Sellers to be able to complete the conversion without being financially overwhelmed. I have spoken with Realtors in other states where similar bills have been implemented and I have not received any feedback that real estate sales have been negatively impacted for homeowners or Buyers. For Sellers, a home with an updated, efficient, and environmentally friendly wastewater system will most likely increase their home value. If Sellers list their home without converting, the cost of the conversion can be used as a negotiation strategy during escrow. Additionally, if conversions are required only for certain cesspools the workforce performing the conversions would be able to keep up with the demand.

I also work with the non-profit WAI: Wastewater Alternatives & Innovations and we are dedicated to protecting our drinking water, groundwater, and near-shore ecosystems by reducing sewage pollution from cesspools and failing septic systems. Our goal is to help find more

innovative, affordable, and eco-friendly solutions to wastewater management. Better sanitation systems reduce sewage pollution and make properties more valuable, while also protecting our groundwater, streams, and the health of our coral reefs and coastal areas.

Mahalo for your hard work on this important issue and for your support of this bill.

HB-1805

Submitted on: 1/31/2022 5:01:02 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Lois Crozer	Individual	Support	No

Comments:

We need to convert all of these asap.

HB-1805

Submitted on: 1/31/2022 6:58:00 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
David Dinner	Individual	Support	No

Comments:

As a daily swimmer at Anini and Hanalei Bay and as one who has experienced respiratory and skin infections from the water even when it seems clean, I can wholeheartedly support this bill and any other that will encourage changing over from cesspools to the most modern effective septic systems. With the inflated sale prices of homes at this time, it is the perfect window to do this.

HB-1805

Submitted on: 1/31/2022 6:59:39 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Will Caron	Individual	Support	No

Comments:

I support this bill! Mahalo!

HB-1805

Submitted on: 1/31/2022 9:25:20 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Carolyn Lauro	Individual	Support	No

Comments:

Aloha Chair Lowen, Vice Chair Marten, and members of the House Committee on Energy and Environmental Protection:

I STRONGLY SUPPORT HB1805!

Coral reefs are being severely harmed by multiple causes, including particularly by nutrients from cesspools.

Effluent from cesspools— including untreated human waste, bacteria, viruses, pharmaceuticals, cleaning products, nitrogen, phosphorus, and other contaminants – is discharged directly into the ground. From there, these pollutants can make their way into groundwater systems and near shore marine environments. In coastal areas in Hawai‘i with porous soils and substrates, studies have shown that waste from failing individual wastewater systems (such as cesspools, septic systems and aerobic treatment units designed to dispose of not more than 1,000 gallons of domestic wastewater per day) can reach near-shore waters within a matter of minutes to just a few days. Though it sometimes takes longer, the waste does flow toward, and can eventually degrade, surface waters.

Hawaii's tourism, recreational lifestyle, and shorelines depend on healthy coral reefs. Hawaii receives over \$1 million per year in grants from the federal coastal zone program that is contingent on the State taking measures to address and minimize polluted runoff, including

Stakeholders

runoff from on-site sewage facilities. In order to preserve federal funding and our environment, replacing coastal cesspools now should be a priority for Hawaii.

The bill proposes to reduce the polluted runoff created by cesspools by requiring their upgrade at the time of an attached property's transfer or sale. The bill exempts property transfers within

families, between joint tenants or tenants in common, or spouses dissolving marriages. A cesspool shall be renovated within one year by the current owner or buyer with written agreement to meet DOH's design and construction standards.

Under Hawaii law, cesspools must be upgraded by 2050. This bill's requirement for an upgrade on transfer makes good sense financially as well as environmentally. Property buyers and sellers have capital at transfer that most do not have at other times. They can negotiate between them on who shall pay for inspections (and upgrades where one is needed) as part of the transfer. This bill provides a gradual way for some cesspools to be upgraded without State funds, at a time of least hardship to property owners.

In addition, the bill would help mitigate the burden of upgrading cesspools on lower and middle income taxpayers by providing a ratcheted tax credit until 2035, as an incentive for cesspool upgrade, conversion or sewer connection.

I support adding the following amendments:

1. Cesspools should be converted before Point of Sale of a property or within twelve months of the date of sale recordation (except for listed exemptions)
2. Focus on cesspools that are within 500 feet of a shoreline, perennial stream, wetland, well or sensitive body of water
3. Create an appropriation for four full-time equivalent positions at the Hawaii Department of Health to monitor and enforce the conversions for each county.

Please pass this bill to protect our precious coral reefs and oceans from the harms of wastewater pollution in this most cost-effective manner!

Mahalo

HB-1805

Submitted on: 1/31/2022 10:36:33 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Marjorie Gifford	Individual	Support	No

Comments:

I lived for years in many states all of which required septic systems that emitted only clean water and required leach lines to dispose of that. I was shocked to learn upon moving to Kauai that the system of cesspools, especially in areas near bodies of water, was even allowed to exist. Let's get into the modern world, the crowded modern world, and insist on septic systems in lieu of cesspools. Clearly, the bill being offered is a way to handle this.



2/1/2022

EEP Committee
Hawai'i State Capitol
Honolulu, Hawai'i 96813

Dear Chair Lowen, Vice Chair Marten, and members of the House Committee on Energy and Environmental Protection:

Position: Support with amendments

Surfrider Foundation STRONGLY SUPPORTS HB1805.

Effluent from cesspools– including untreated human waste, bacteria, viruses, pharmaceuticals, cleaning products, nitrogen, phosphorus, and other contaminants – is discharged directly into the ground. In coastal areas in Hawai'i with porous soils and substrates, studies have shown that waste from failing individual wastewater systems (such as cesspools, septic systems and aerobic treatment units designed to dispose of not more than 1,000 gallons of domestic wastewater per day) can reach near-shore waters within a matter of minutes to just a few days. Though it sometimes takes longer, the waste does flow toward, and can eventually degrade, surface waters.

The bill proposes to reduce the polluted runoff created by cesspools by requiring their upgrade at the time of an attached property's transfer or sale. The bill exempts property transfers within families, between joint tenants or tenants in common, or spouses dissolving marriages.

Under Hawaii law, cesspools must be upgraded by 2050. This bill's requirement for an upgrade on transfer makes good sense financially as well as environmentally. Property buyers and sellers have capital at transfer that most do not have at other times. They can negotiate between them on who shall pay for inspections (and upgrades where one is needed) as part of the transfer. This bill provides a gradual way for some cesspools to be upgraded without State funds, at a time of least hardship to property owners.

In addition, the bill would help mitigate the burden of upgrading cesspools on lower and middle income taxpayers by providing a ratcheted tax credit until 2035, as an incentive for cesspool upgrade, conversion or sewer connection.

Surfrider Foundation supports adding the following amendments:

1. Cesspools should be converted before Point of Sale of a property or within twelve months of the date of sale recordation (except for listed exemptions)
2. Focus on cesspools that are within 500 feet of a shoreline, perennial stream, wetland, well or sensitive body of water
3. Create an appropriation for four full-time equivalent positions at the Hawaii Department of Health to monitor and enforce the conversions for each county.

Please pass this bill to protect our precious coral reefs and oceans from the harms of wastewater pollution in this most cost-effective manner!

Mahalo,

Lauren Blickley
Hawai'i Regional Manager
Surfrider Foundation

HB-1805

Submitted on: 2/1/2022 5:56:19 AM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Jonathan McRoberts	Individual	Support	No

Comments:

I strongly support HB 1850. Preservation of our reefs is important to the future of our Islands in many different ways that should be obvious to everybody.