

STAND. COM. REP. NO.

1800

Honolulu, Hawaii

APR 06 2023

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

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

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1396, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CESSPOOLS,"

begs leave to report as follows:

The purpose and intent of this measure is to support the upgrade, conversion, or connection of every cesspool in the State, excluding cesspools granted exemptions by the Director of Health, as required by Act 125, Session Laws of Hawaii, 2017.

More specifically, the measure:

- (1) Establishes and appropriates moneys for a county cesspool pilot program in 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 with individual properties and reduce or eliminate cesspools in the priority area;
- (2) Creates and appropriates moneys to establish positions for a cesspool conversion section in the Department of Health to facilitate the conversion of cesspools within the State;



- (3) Requires the Department of Health to retain experts to identify necessary public outreach and education resources and tools, develop a comprehensive public outreach strategy, and educate homeowners regarding the State's cesspool upgrade, conversion, and connection requirements and deadlines;
- (4) Establishes 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) Requires certain information regarding cesspools on real property to be included in seller mandatory disclosures for real property transactions.

Your Committee received written comments in support of this measure from the University of Hawaii, Environmental Caucus of the Democratic Party of Hawaii, Ulupono Initiative, The Nature Conservancy of Hawaii and Palmyra, Wastewater Alternatives & Innovations, Coral Reef Alliance, and seven individuals.

Your Committee received written comments on this measure from the Department of Taxation, Department of Health, Office of the Mayor for the County of Maui, Department of Environmental Management for the County of Maui, Hawaii REALTORS, and one individual.

Your Committee finds that this measure provides helpful mechanisms, including dedicated state resources, community incentives, and fair and transparent disclosures to new property owners, to help support the State's cesspool conversion goals.

Your Committee has amended this measure by:

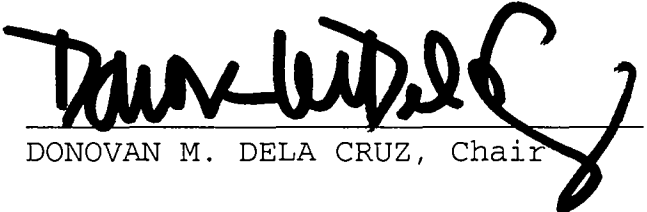
- (1) Amending section 12 of the measure to clarify that the cesspool upgrade, conversion, or connection income tax credit shall apply to taxable years beginning after December 31, 2023, as recommended in written comments from the Department of Taxation;



- (2) Requiring the Department of Health to retain "qualified consultants" rather than "experts," as recommended in written comments from the Department of Health;
- (3) Making the seller disclosure requirements in section 15 of the measure effective on November 1, 2023, as recommended in written comments from Hawaii REALTORS;
- (4) Clarifying that the county reports to the Legislature are required to address only the properties identified for a connection to a sewage system;
- (5) Clarifying that the appropriations made in sections 3, 6, 7, and 10 of the measure shall be expended for the purposes of their respective sections;
- (6) Correcting Ramseyered material to comport with recommended drafting conventions;
- (7) Correcting the text of quoted material; and
- (8) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1396, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1396, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

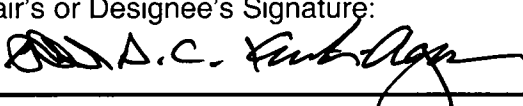


DONOVAN M. DELA CRUZ, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB1396, HD2, SD1	REN/PSM, WAM	4/4/23		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt		X		
TOTAL	12	1		
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes