

STAND. COM. REP. NO. 106

Honolulu, Hawaii

FEB 07 , 2023

RE: H.B. No. 440  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committees on Energy & Environmental Protection and  
Water & Land, to which was referred H.B. No. 440 entitled:

"A BILL FOR AN ACT RELATING TO CESSPOOLS,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Establish 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
- (2) Require certain information regarding cesspools on real property to be included in mandatory seller disclosures in real property transactions.

Your Committees received testimony in support of this measure from the Department of Health, University of Hawai'i Sea Grant College Program, University of Hawai'i Water Resources Research Center, County of Hawai'i Department of Environmental Management, Environmental Caucus of the Democratic Party of Hawai'i, WAI: Wastewater Alternatives & Innovations, and four individuals. Your Committees received comments on this measure from the Department of Taxation, Hawai'i Association of REALTORS, Tax Foundation of Hawaii, and one individual.

2023-1159 HB440 HD1 HSCR HMSO



Your Committees find that the State has more than eighty thousand cesspools that release more than fifty million gallons of raw sewage into the State's groundwater and surface waters every day. While the State established a requirement for the conversion of all cesspools in the State to Director of Health-approved wastewater management systems by 2050, further mechanisms and protections, such as tax credits and mandatory seller disclosure requirements, should be in place to reduce the number of cesspools in the State and prevent potential incidents of groundwater and coastal pollution.

Your Committees have amended this measure by:

- (1) Designating the Department of Health as the appropriate government agency to provide necessary certification related to the tax credit;
- (2) Changing the total amount of tax credits allowed per taxable year to an unspecified amount;
- (3) Updating references to the prioritization tool;
- (4) Clarifying the information in mandatory seller disclosures related to the date by which state law mandates that the cesspool be upgraded, converted, or connected;
- (5) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committees respectfully request your Committee on Finance, should it deliberate on this measure, to consider \$5,000,000 for a total amount of tax credits allowed per taxable year.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Water & Land that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 440, as amended herein, and recommend that it pass Second Reading in the form attached



hereto as H.B. No. 440, H.D. 1, and be referred to your Committee on Health & Homelessness.

Respectfully submitted on behalf of the members of the Committees on Energy & Environmental Protection and Water & Land,

  
LINDA ICHIYAMA, Chair

  
NICOLE E. LOWEN, Chair





