

STAND. COM. REP. NO. 1057

Honolulu, Hawaii

MAR 03 2023

RE: S.B. No. 777
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 S.B. No. 777, 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 establish a financial incentive to reduce the number of cesspools in the State.

More specifically, this measure establishes a temporary income tax credit for the cost of upgrading or converting a qualified cesspool to a wastewater system approved by the Director of Health, or connecting to a sewerage system.

Your Committee received written comments in support of this measure from the Department of Health, State of Hawaii Climate Change Mitigation and Adaptation Commission, University of Hawaii, Environmental Caucus of the Democratic Party of Hawaii, Hawaii Association of REALTORS, and two individuals.

Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that cesspools are a major source of pollution to Hawaii's waters. Your Committee also finds that there are approximately eighty-three thousand cesspools in the



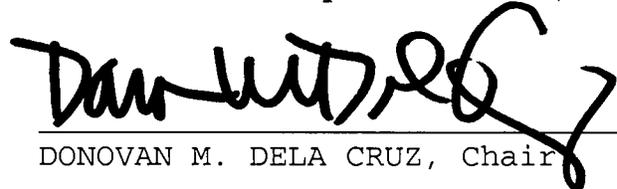
State, discharging millions of gallons of untreated sewage into the groundwater every day. The sewage-polluted groundwater flows into drinking water sources, streams, and the ocean, harming public health and the environment, including beaches and coral reefs. Your Committee believes that cesspools should be phased out to eliminate threats to drinking water and recreational waters.

Your Committee has amended this measure by:

- (1) Making a technical amendment to clarify the certification of expenses used to claim the tax credit; and
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

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 S.B. No. 777, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 777, S.D. 2.

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

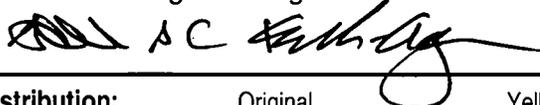


DONOVAN M. DELA CRUZ, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 777 SD1	Committee Referral: AEN, WAM	Date: 3/2/23		
<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 Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes