

Honolulu, Hawaii

May 1, 2015

RE: H.B. No. 1140
H.D. 1
S.D. 2
C.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1140, H.D. 1, S.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 and intent of this measure is to establish a temporary cesspool upgrade, conversion, or connection income tax credit for cesspool owners who:

- (1) Upgrade or convert a qualified cesspool into a septic system or an aerobic treatment unit system; or
- (2) Connect a qualified cesspool to a sewer system.

Your Committee on Conference finds that cesspools constitute a nonpoint contamination source for the State's streams, groundwater, and ocean. Your Committee on Conference believes that, by providing



financial assistance to cesspool owners who upgrade, convert, or connect their cesspools, this measure will help facilitate the reduction of cesspool pollution in the State.

Your Committee on Conference has amended this measure by:

- (1) Providing that, in the case of a qualified cesspool that is a residential large capacity cesspool, the amount of the credit shall be equal to the qualified expenses of the taxpayer, up to a maximum of \$10,000 per residential dwelling connected to the cesspool, as certified by the Department of Health;
- (2) Providing that the Department of Health, as a pilot program, may certify no more than two residential large capacity cesspools as qualified cesspools;
- (3) Inserting a dollar amount of \$5,000,000 as the maximum amount of tax credits allowed for all taxpayers in any taxable year;
- (4) Including residential large capacity cesspools within the definition of "qualified cesspool";
- (5) Defining "residential large capacity cesspool" as a cesspool that is connected to more than one residential dwelling;
- (6) Making a conforming amendment to the purpose section to reflect the inclusion of residential large capacity cesspools in the measure;
- (7) Changing the effective date to July 1, 2015; and
- (8) Making a technical nonsubstantive amendment for the purpose of clarity.

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 H.B. No. 1140, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1140, H.D. 1, S.D. 2, C.D. 1.



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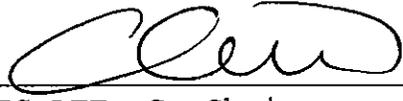
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE



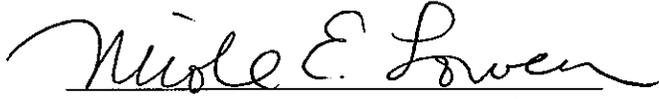
MIKE GABBARD, Chair



CHRIS LEE, Co-Chair



JILL N. TOKUDA, Co-Chair



NICOLE E. LOWEN, Co-Chair



Hawaii State Legislature

CCRS

Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: HB 1140, HD 1, SD 2	Date/Time: 5/1/15 @ 11:20
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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.

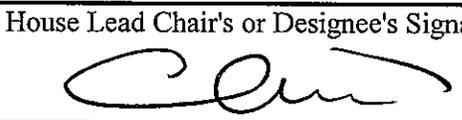
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
GABBARD, Mike, Chr.	✓				LEE, Chris, Co-Chr.	✓			
TOKUDA, Jill N., Co-Chr.	✓				LOWEN, Nicole E., Co-Chr.	✓			
IHARA, Les, Jr.	✓				KEOHOKALO, Jarrett	✓			
					THIELEN, Cynthia	✓			
TOTAL	3				TOTAL	4			

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is:
 Adopted Not Adopted

House Recommendation is:
 Adopted Not Adopted

Senate Lead Chair's or Designee's Signature:


House Lead Chair's or Designee's Signature:


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