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# A BILL FOR AN ACT

RELATING TO CESSPOOLS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

- 1           SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to part I to be appropriately  
3 designated and to read as follows:
- 4           "§235-           Cesspool conversion; income tax credit. (a)  
5 There shall be allowed to each individual and corporate taxpayer  
6 subject to the tax imposed under this chapter, a cesspool  
7 conversion tax credit that shall be applied against the Hawaii  
8 state individual or corporate net income tax liability, if any,  
9 imposed by this chapter for the taxable year in which the credit  
10 is properly claimed.
- 11           (b) The cesspool conversion tax credit shall be equal  
12 to           per cent of the qualified expenses of the taxpayer or  
13 \$           , whichever is less.
- 14           (c) The director of taxation:  
15           (1) Shall prepare forms that may be necessary to claim a  
16           tax deduction under this section;



1       (2) May require the taxpayer to furnish reasonable  
2           information to ascertain the validity of the claim for  
3           the deduction made under this section; and

4       (3) May adopt rules under chapter 91 as necessary to  
5           effectuate the purposes of this section.

6       (d) If the tax credit under this section exceeds the  
7           taxpayer's income tax liability, the excess of the credit over  
8           liability shall be refunded to the taxpayer; provided no refund  
9           on account of the tax credit allowed by this section shall be  
10          made for amounts less than \$1. All claims for the tax credit  
11          under this section, including amended claims, shall be filed on  
12          or before the end of the twelfth month following the close of  
13          the taxable year for which the credit may be claimed. Failure  
14          to comply with this subsection shall constitute a waiver of the  
15          right to claim the credit.

16       (e) This section shall not apply to taxable years beginning  
17          after December 31, .

18       (f) For the purposes of this section:

19       "Aerobic treatment unit system" means an individual  
20          wastewater system that consists of an aerobic treatment unit  
21          tank, aeration device, piping, and a discharge method that is in



1 accordance with rules adopted by the department of health  
2 relating to household aerobic units.

3 "Cesspool" means an individual wastewater system consisting  
4 of an excavation in the ground whose depth is greater than its  
5 widest surface dimension, which receives untreated wastewater,  
6 and retains or is designed to retain the organic matter and  
7 solids discharged into it, but permits the liquid to seep  
8 through its bottom or sides to gain access to the underground  
9 geographic formation.

10 "Qualified expenses" means costs that are necessary and  
11 directly incurred by the taxpayer for converting a cesspool into  
12 a septic system or an aerobic treatment unit system, or  
13 connecting a cesspool to a sewer system.

14 "Septic system" means an individual wastewater system that  
15 typically consists of a septic tank, piping, and a drainage  
16 field where there is natural biological decontamination as  
17 wastewater discharged into the system is filtered through soil.

18 "Sewer system" means a system of piping, with  
19 appurtenances, for collecting and conveying wastewater from  
20 source to discharge following treatment."

21 SECTION 2. New statutory material is underscored.



1 SECTION 3. This Act shall take effect upon its approval  
2 and shall apply to taxable years beginning after December 31,  
3 2015; provided that this Act shall be repealed on  
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# H.B. NO. 1140

**Report Title:**

Income Tax Credit; Cesspool Conversion

**Description:**

Provides temporary income tax credit for the cost of converting a cesspool to a septic system or an aerobic treatment unit system or connecting to a sewer system.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

