
A BILL FOR AN ACT

RELATING TO CESSPOOLS.

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

1 SECTION 1. The legislature finds that the State's streams,
2 groundwater, and ocean are being harmed by water pollution from
3 nonpoint contamination sources that flow off the land directly
4 rather than through pipes or ditches. Cesspools constitute a
5 nonpoint contamination source of grave concern. These
6 substandard systems are essentially holes in the ground that
7 discharge raw, untreated sewage. Groundwater, drinking water
8 sources, streams, and the ocean are contaminated by cesspool
9 pollution from systems that do not treat wastewater but merely
10 dispose of it.

11 The legislature further finds that cesspools in Hawaii
12 release approximately 55,000,000 gallons of untreated sewage
13 into the ground each day. There are approximately 90,000
14 cesspools in the State, with nearly 50,000 located on Hawaii
15 island, approximately 14,000 on Kauai, over 12,000 on Maui, over
16 11,000 on Oahu, and over 1,400 on Molokai. Reducing the number
17 of cesspools in the State is a matter of great importance.



1 The purpose of this Act is to offer financial assistance to
2 owners of cesspools who:

3 (1) Upgrade or convert a cesspool into a septic system or
4 an aerobic treatment unit system; or

5 (2) Connect a cesspool to a sewer system,
6 by establishing a cesspool upgrade, conversion, or connection
7 income tax credit.

8 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
9 amended by adding a new section to part I to be appropriately
10 designated and to read as follows:

11 "§235- Cesspool upgrade, conversion, or connection;
12 income tax credit. (a) There shall be allowed to each
13 individual and corporate taxpayer subject to the tax imposed
14 under this chapter, a cesspool upgrade, conversion, or
15 connection income tax credit that shall be applied against the
16 Hawaii state individual or corporate net income tax liability,
17 if any, imposed by this chapter for the taxable year in which
18 the credit is properly claimed.

19 (b) The cesspool upgrade, conversion, or connection income
20 tax credit shall be equal to per cent of the qualified
21 expenses of the taxpayer or \$, whichever is less.



1 There shall be allowed a maximum of one cesspool upgrade,
2 conversion, or connection income tax credit per cesspool.

3 (c) The director of taxation:

4 (1) Shall prepare forms that may be necessary to claim a
5 tax deduction under this section;

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

9 (3) May adopt rules under chapter 91 as necessary to
10 implement this section.

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



1 (e) This section shall not apply to taxable years beginning
2 after December 31, 2020.

3 (f) As used in this section:

4 "Aerobic treatment unit system" means an individual
5 wastewater system that consists of an aerobic treatment unit
6 tank, aeration device, piping, and a discharge method that is in
7 accordance with rules adopted by the department of health
8 relating to household aerobic units.

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

16 "Qualified expenses" means costs that are necessary and
17 directly incurred by the taxpayer for upgrading or converting a
18 cesspool into a septic system or an aerobic treatment unit
19 system, or connecting a cesspool to a sewer system.

20 "Septic system" means an individual wastewater system that
21 typically consists of a septic tank, piping, and a drainage



1 field where there is natural biological decontamination as
2 wastewater discharged into the system is filtered through soil.

3 "Sewer system" means a system of piping, with
4 appurtenances, for collecting and conveying wastewater from
5 source to discharge following treatment.

6 "Wastewater" means any liquid waste, whether or not treated
7 and whether animal, mineral, or vegetable, including
8 agricultural, industrial, and thermal wastes."

9 SECTION 3. New statutory material is underscored.

10 SECTION 4. This Act shall take effect upon its approval
11 and shall apply to taxable years beginning after December 31,
12 2015; provided that this Act shall be repealed on December 31,
13 2020.



Report Title:

Income Tax Credit; Cesspool Upgrade, Conversion, or Connection

Description:

Provides a temporary income tax credit for the cost of upgrading or converting a cesspool to a septic system or an aerobic treatment unit system, or connecting to a sewer system. (HB1140 HD1)

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