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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. 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 legislature additionally finds that certain cesspools  
2 present a higher risk of harm to public health and the  
3 environment. Priority should be given to cesspool owners who  
4 request financial assistance to upgrade, convert, or connect  
5 cesspools that affect public drinking water wells or are within  
6 two hundred feet of the shoreline, streams, or wetlands.

7 The purpose of this Act is to offer financial assistance to  
8 owners of cesspools who:

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

11 (2) Connect a cesspool to a sewer system,  
12 by establishing a cesspool upgrade, conversion, or connection  
13 income tax credit.

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

17 "§235- Cesspool upgrade, conversion, or connection;  
18 income tax credit. (a) There shall be allowed to each  
19 individual and corporate taxpayer subject to the tax imposed  
20 under this chapter, a cesspool upgrade, conversion, or  
21 connection income tax credit that shall be applied against the



1 Hawaii state individual or corporate net income tax liability,  
2 if any, imposed by this chapter for the taxable year in which  
3 the credit is properly claimed.

4 (b) The cesspool upgrade, conversion, or connection income  
5 tax credit shall be equal to the qualified expenses of the  
6 taxpayer, up to \$5,000. There shall be allowed a maximum of one  
7 cesspool upgrade, conversion, or connection income tax credit  
8 per cesspool.

9 (c) The director of health may adopt rules under chapter  
10 91 as necessary to implement this section, including rules that  
11 prioritize upgrades for cesspool locations with the highest risk  
12 of harm to public health and the environment.

13 (d) The director of taxation:

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

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

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



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

11       (f) This section shall not apply to taxable years beginning  
12 after December 31, 2020.

13       (g) As used in this section:

14       "Aerobic treatment unit system" means an individual  
15 wastewater system that consists of an aerobic treatment unit  
16 tank, aeration device, piping, and a discharge method that is in  
17 accordance with rules adopted by the department of health  
18 relating to household aerobic units.

19       "Cesspool" means an individual wastewater system consisting  
20 of an excavation in the ground whose depth is greater than its  
21 widest surface dimension, which receives untreated wastewater,



1 and retains or is designed to retain the organic matter and  
2 solids discharged into it, but permits the liquid to seep  
3 through its bottom or sides to gain access to the underground  
4 geographic formation.

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

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

13 "Sewer system" means a system of piping, with  
14 appurtenances, for collecting and conveying wastewater from  
15 source to discharge following treatment.

16 "Wastewater" means any liquid waste, whether or not treated  
17 and whether animal, mineral, or vegetable, including  
18 agricultural, industrial, and thermal wastes."

19 SECTION 3. New statutory material is underscored.

20 SECTION 4. This Act shall take effect upon its approval  
21 and shall apply to taxable years beginning after December 31,



1 2015; provided that this Act shall be repealed on December 31,  
2 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. (SD1)

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

