



A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAXATION.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. The Council finds that in some areas of the city, residents continue to use household cesspools, which were originally viewed as an alternative for the disposal of domestic wastewater. Many of these nearly 14,000 cesspool units on Oahu are properly maintained by the residential property owner and continue to function effectively after many years of use. A smaller number of cesspools are not properly maintained and have failed, as evidenced by their need for frequent pumping. However, more importantly, cesspools are primarily an element of the wastewater disposal process, and not the treatment process. Cesspools, particularly those that have failed, pose a significant threat to public health and the environment, and endanger both inland and coastal waters, and, depending on the geographical location of the cesspool, may negatively affect water quality of the basal groundwater aquifer.

In contrast, a septic tank, in conjunction with an overall septic tank system, generally comprised of a receiving and treatment tank and connected leaching field, has the advantage of providing wastewater treatment in addition to disposal. Septic tank systems, when installed in compliance with all applicable laws, codes and requirements, can offer a superior alternative to cesspools being replaced in outlying or rural areas in which the installation of the public sewer system would not be cost effective, or is unlikely to occur in the near future.

The purpose of this ordinance is to establish for eligible residential property owners a one-time credit against their property tax liability following the completion of construction, installation and commencement of full operation, in accordance with all applicable laws, rules and codes, of a septic tank system for the treatment of domestic wastewater which replaces and permanently removes from service the owner's household cesspool.

SECTION 2. Chapter 8, Revised Ordinances of Honolulu 1990, is amended by adding a new article to be appropriately designated by the revisor of ordinances and to read as follows:



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"Article ____ . Tax Credit for Septic Tank to Replace Household Cesspool

Sec. 8-__1 Definitions.

For the purposes of this article:

"Cesspool" means a covered lined or partially lined pool, pit or deep hole in the ground to receive untreated discharges of sewage and from which the liquids seep into the surrounding soil through the bottom or sides.

"Disposal system" means any seepage pit, effluent irrigation system, soil absorption system, disposal trench, or other facility used in the disposal of wastewater, including any wastewater transmission lines, pumps, power, or other equipment associated with the ultimate disposal of wastewater, provided that the term shall not include any cesspool or injection well.

"Eligible costs" means costs incurred after the effective date of this ordinance.

"Septic tank" means a watertight settling tank in which settled sludge is in immediate contact with the sewage flowing through the tank and the organic solids are decomposed by an anaerobic bacterial action.

"Wastewater" means the same as that term is defined in Section 14-1.2.

Sec. 8-__2 Septic tank cesspool replacement tax credit established.

- (a) An owner of residential real property in the city whose property utilizes a cesspool to dispose of domestic wastewater and who replaces the cesspool with a septic tank shall be entitled a one-time tax credit under this article against the owner's real property tax liability unless:
- (1) A sewer improvement district that would serve the property is planned by the department of environmental services to be established within ten years after the date of application for the tax credit;
 - (2) The conversion to a septic tank is required by the State of Hawaii, Department of Health, as a condition of expanding the size of the dwelling/dwellings; or
 - (3) The conversion to a septic tank is required by the U.S. Environmental Protection Agency.



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- (b) The amount of the tax credit shall not exceed 50 per cent of the total cost of the septic tank and disposal system; provided that the tax credit shall apply only to the actual cost to the owner of the septic tank and disposal system and their installation, and shall not include the cost of consumer incentive premiums unrelated to the operation or installation of the septic tank and disposal system; provided further that the amount of the resultant tax shall not be less than the minimum tax required in Section 8-11.1(g).
- (c) The credit shall be claimed against real property tax liability for the tax year immediately following approval of the application for the credit. The application must be filed only after installation of the septic tank is completed, the septic tank is operational, and the cesspool is permanently sealed. The tax credit shall entitle the owner to a credit only for the single tax year. There shall be no carryover tax credit.
- (d) Allowance of a credit under this article shall not preclude future mandatory connection to a sewer system as required in Section 14-1.6(a).

Sec. 8-__3 Administration—Rules.

- (a) The director of budget and fiscal services shall determine the eligibility of the owner for the tax credit upon review and verification that the owner's cesspool has been sealed and a septic tank installed and operational.
- (b) The owner shall file an application therefor with the department of budget and fiscal services after installation of the septic tank is completed, the septic tank is operational, and the cesspool is permanently sealed. Application must be filed on or before September 30th preceding the tax year in which the credit would be provided.
- (c) The director shall adopt rules having the force and effect of law for the administration, implementation and enforcement of this article."



CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL 81 (2004), CD2

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SECTION 3. This ordinance shall take effect upon its approval.

INTRODUCED BY:

Donovan Dela Cruz

DATE OF INTRODUCTION:

October 26, 2004
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 2005.

MUFI HANNEMANN, Mayor
City and County of Honolulu

(OCS/011305/ct)