East Hampton Town may require new buildings to have upgraded sewage systems and may offer rebates to homeowners who replace their systems as part of efforts to protect nearby waters.

Supervisor Larry Cantwell has proposed legislation that would require new buildings and properties undergoing major renovations to install septic systems that emit half the amount of water-polluting nitrogen than regular systems.

“We need to find a way to replace these antiquated cesspools and septic systems that are clearly a threat to the quality of life and quality of water we have in the town,” he said Tuesday at a town board work session.

Cantwell said he hopes to encourage property owners to upgrade their septic systems by offering rebates between $5,000 and $15,000. Replacing a home septic system costs between $15,000 and $17,000, he said.

About 6,000 properties that are near bodies of water would be eligible for a rebate of 100 percent or as much as $15,000. About 12,000 properties with cesspool systems could be eligible for a rebate of as much as $10,000. Owners with failed sanitary systems, which the town has not yet defined, would be eligible for a 25 percent rebate of as much as $5,000.

Rebates would be paid from the Community Preservation Fund, which is funded by a 2 percent tax on real estate transactions. As much as 20 percent of the fund can be used each year for water quality improvement projects.

An official from the town or the Suffolk County health department would have to inspect buildings with upgraded septic systems about every three years, assistant town attorney NancyLynn Thiele said.

Nitrogen from septic systems can pollute groundwater and nearby bodies of water, which can lead to public health threats and the deaths of fish and marine animals, said Kevin McAllister, president of the Sag Harbor-based environmental group Defend H2O. “East Hampton is certainly leading the way, and I hope other towns will follow with local laws,” he said of Cantwell’s proposed legislation.

Last year, Brookhaven became the first Suffolk County town to require waterfront homes to have upgraded septic systems. There are 39 homeowners with upgraded septic systems participating in a county pilot program.