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Bill No. HB1807

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GOVERNOR OF HAWAII

CHIYOME LEINAALA FUKINO, M.D.
DIRECTOR OF HEALTH



STATE OF HAWAII
DEPARTMENT OF HEALTH
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In reply, please refer to:
File:

**HOUSE COMMITTEES ON ENERGY AND ENVIRONMENTAL PROTECTION AND WATER, LAND,
AND OCEAN RESOURCES**

HB1807, HD1, RELATING TO WATER QUALITY

Testimony of Chiyome Leinaala Fukino, M.D.

Director of Health

February 17, 2008, 9:00 a.m.

Department's Position: The Department of Health strongly supports this measure to make the state eligible for federal recovery act funds, with no state matching requirements, for grants and other financial subsidies for county drinking water and wastewater system improvements.

Fiscal Implications: Up to \$50 million of federal funds with no state matching funds requirement, and possibly even more in the future.

Purpose and Justification: The State needs to change certain loan program statutes in order to make grants of federal recovery funds. The American Recovery and Reinvestment Act of 2009 (Act) will provide significant funding for wastewater and drinking water system improvements. The U.S. Environmental Protection Agency (EPA) estimates that the Act will provide approximately \$30 million to Hawaii's Water Pollution Control Revolving Fund (a.k.a., Clean Water State Revolving Loan Fund or CWSRF) and about \$20 million to our Drinking Water Treatment Revolving Loan Fund (a.k.a., Drinking Water State Revolving Fund or DWSRF) for the construction of new, wastewater and drinking water infrastructure improvement projects. Both of these revolving fund programs currently loan funds to counties. Hawaii needs to change its Water Pollution Control Revolving Fund and Drinking Water Treatment Revolving Loan Fund statutes so they can be used to make grants and loan

subsidies and other financial arrangements anticipated to be required by the Act.

Both the Water Pollution Control Revolving Fund and the Drinking Water Treatment Revolving Loan Fund were enacted to provide loans to the four major counties for the construction of publicly owned, wastewater and drinking water infrastructure projects. Since fiscal year 1991, the Water Pollution Control Revolving Fund has loaned out more than \$523 million. The Drinking Water Treatment Revolving Loan Fund, which started up in fiscal year 1998, has loaned out more than \$84 million. As Congress had intended for these funds to revolve in perpetuity, both programs did not allow for loan subsidies or grant to be made. Thus, these amendments are now required for the specific purpose of allowing for loans with forgiveness of principal, zero or negative interest, and grants using the federal stimulus funds.

The anticipated federal funds for the construction of wastewater and drinking water projects will improve public health, protect the environment, and stimulate the economy.

The sooner this bill becomes law, the faster we can move on providing monies for projects' construction.

Thank you for the opportunity to comment on this important bill.