

STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

WRITTEN
TESTIMONY ONLY

LATE

**Testimony in SUPPORT of SB1370-SD1
RELATING TO CESSPOOLS**

SENATOR DONOVAN M. DELA CRUZ, CHAIR
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date: February 19, 2019

Room Number: CR 211

1 **Fiscal Implications:** This measure may impact the priorities identified in the Governor's
2 Executive Budget Request.

3 **Department Testimony:** We appreciate and support the intent of this initiative, but defer to the
4 Governor's Executive Budget Request for the Department of Health's (Department)
5 appropriations and personnel priorities. Cesspools are a major source of pollution to Hawaii's
6 waters. There are approximately 88,000 cesspools in the State, discharging approximately
7 53 million gallons of untreated sewage into the ground water every day. Ground water flows
8 into drinking water sources; since ninety-five percent of all drinking water in Hawaii comes from
9 ground water sources, this cesspool pollution can potentially harm human health.

10 There is an urgent need to protect the public health and environment with cesspool
11 upgrades as soon as feasible. These upgrades can be to connect to sewer, septic systems or any
12 other individual wastewater systems that comply with the Department's Chapter 11-62, Hawaii
13 Administrative Rules.

14 The cost of cesspool upgrades is high, averaging \$20,000 and \$30,000. The Department
15 is open to various forms and strategies of financial support for homeowners who upgrade.
16 Expanded tax credits and grants are two possible options that would help homeowners afford the
17 phasing out of cesspools.

1 Although this measure addresses a small part of the overall problem with cesspools by
2 establishing a grant program for the Department of Hawaiian Home Land properties, we consider
3 this to be a step in the right direction.

4 **Offered Amendments:** None.

5 Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 1370, S.D. 1

**February 19, 2019
9:30 a.m.
Room 211**

RELATING TO CESSPOOLS

Senate Bill (S.B.) No. 1370, S.D. 1: establishes the Cesspool Compliance Grant Program within the Department of Hawaiian Home Lands to assist lessees in upgrading or converting a cesspool on Hawaiian home lands to a septic system or aerobic treatment unit system, or connecting a cesspool to a sewerage system; creates the Cesspool Compliance Grant Program Special Fund that would generate revenues through legislative appropriations; appropriates \$500,000 of general funds in FY 21 for deposit into the special fund; and appropriates \$500,000 of special funds in FY 21 to implement the cesspool grant program.

As a matter of general policy, the department does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the

program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to S.B. No. 1370, S.D. 1, it is difficult to determine whether the proposed special fund would be self-sustaining, or why the program cannot be implemented under the general fund appropriation process.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR
STATE OF HAWAII

JOSH GREEN
LT. GOVERNOR
STATE OF HAWAII



JOBIE M. K. MASAGATANI
CHAIRMAN
HAWAIIAN HOMES COMMISSION

WILLIAM J. AILA, JR.
DEPUTY TO THE CHAIRMAN

**STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS**

P. O. BOX 1879
HONOLULU, HAWAII 96805



TESTIMONY OF JOBIE M. K. MASAGATANI, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEES ON WAYS AND MEANS
DECISION MAKING ON FEBRUARY 19, 2019 AT 9:30AM IN CR 211

SB 1370,SD1 RELATING TO CESPOOLS

February 18, 2019

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to testify on Senate Bill 1370, SD1, which proposes to establish a grant program and special fund to assist lessees on Hawaiian home lands with cesspool upgrade, conversion, or connection costs. The Department of Hawaiian Home Lands (DHHL) supports this bill as long as it doesn't affect the priorities identified in the Governor's Executive Budget request. Funding for this program may be more appropriate through a general obligation bond appropriation that DHHL requests be in addition to the \$25 million included in the Executive CIP Budget request.

The Department supports this grant program that would assist lessees in meeting the costs of upgrading or converting a cesspool located on Hawaiian home lands to a septic system or aerobic treatment unit system or connecting a cesspool located on Hawaiian home lands to a sewerage system.

Thank you for your consideration of our testimony.

SB-1370-SD-1

Submitted on: 2/18/2019 7:33:42 AM

Testimony for WAM on 2/19/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Cesspool Compliance Grant Program

BILL NUMBER: SB 1370, SD-1

INTRODUCED BY: Senate Committees on Agriculture and Environment and Hawaiian Affairs

EXECUTIVE SUMMARY: Establishes a cesspool compliance grant program to assist beneficiaries on Hawaiian home lands. Prevents duplication with the cesspool upgrade, conversion or connection income tax credit.

SYNOPSIS: Adds a new section to chapter 342D, HRS, establishing a cesspool compliance grant program and special fund. Provides that the Department of Hawaiian Home Lands (DHHL) shall be exempt from section 235-116 and may periodically share with the department of taxation the cesspool compliance grant recipient's tax identification number and other information necessary to ensure cesspool compliance grant recipients do not also claim the cesspool upgrade, conversion, and connection income tax credit established in section 235-16.5.

Amends section 235-16.5, HRS, which now provides for the tax credit, to provide that a taxpayer may claim either the grant or the tax credit, but not both. Taxpayers who already have claimed the tax credit will be ineligible for the grant.

EFFECTIVE DATE: Upon approval. The changes to the income tax credit apply to taxable years beginning after December 31, 2018.

STAFF COMMENTS: The proposed grant program and the existing tax credits duplicate each other to a degree, so it makes sense to prevent double dipping.

Digested 2/15/2019

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF TAXATION**

830 PUNCHBOWL STREET, ROOM 221

HONOLULU, HAWAII 96813

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Email: Tax.Directors.Office@hawaii.gov

To: The Honorable Donovan M. Dela Cruz, Chair
and Members of the Senate Committee on Ways and Means

Date: Tuesday, February 19, 2019
Time: 9:30 A.M.
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: S.B. 1370, S.D.1, Relating to Cesspools

The Department of Taxation (Department) provides the following comments regarding S.B. 1370, S.D. 1, for your consideration.

S.B. 1370, S.D. 1, establishes a grant program and special fund to assist lessees on Hawaiian home lands with cesspool upgrade, conversion, or connection costs. It also provides that a recipient of such grant is not eligible for the cesspool upgrade, conversion, or connection income tax credit and vice versa. The Joint Senate Committees on Agriculture and Environment and the Committee on Hawaiian Affairs amended the measure to insert an appropriation amount of \$500,000, and making the appropriation for fiscal year 2020-2021 rather than 2019-2020 to provide time for the Department of Hawaiian Home Lands to adopt administrative rules for the program. The measure takes effect on July 1, 2019 and applies to taxable years beginning after December 31, 2018.

The Department supports the concept of a grant program because it believes that grants are far more preferable than tax credits in assisting taxpayers that are truly in need of the assistance. The Department is able to administer the change to the cesspools tax credit as proposed by this measure with its current effective date.

Thank you for the opportunity to provide comments.



ONE WORLD ONE WATER
677 Ala Moana Blvd, Suite 1100
Honolulu, Hi 96713

Testimony in Support of SB1370 SD1
Relating to Cesspools

Senate Committee on Ways and Means
February 19th, 2019
9:30am
Conference Room 211

Subject: Senate Bill (SB) 1370 SD1 Relating to Cesspools

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means,

At One World One Water we are dedicated to reinvesting in water infrastructure and restoring natural environments, and we strongly support **SB1370 SD1** that establishes a grant program and special fund to assist lessees on Hawaiian home lands with cesspool upgrade, conversion, or connection costs. With thousands of cesspools in the state potentially contaminating water supplies, coral reefs, and public health, grant programs will be imperative to the conversion of these systems. Other states that have managed to convert wastewater systems have seen success through implementing financial incentives, low interest loans, and grant programs.

We ask your support of SB1370 SD1 to establish this grant program and special fund for cesspool conversions.

Please contact us at globalwater@gmail.com should you have any questions or require additional information regarding this matter.

Sincerely,
One World One Water

SB-1370-SD-1

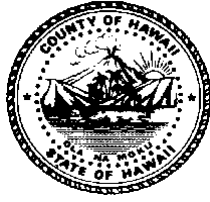
Submitted on: 2/17/2019 9:46:07 PM

Testimony for WAM on 2/19/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dwamato	Individual	Support	No

Comments:

County of Hawai'i
Council District 4 -
Lower Puna



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ASHLEY L. KIERKIEWICZ

HAWAII COUNTY COUNCIL – DISTRICT 4

Chair: Committee on Planning, and Committee on Government Relations & Economic Development
25 Aupuni Street • Hilo, Hawai'i 96720

February 17, 2019

Senate Committee on Ways and Means

Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice-Chair

**RE: Support for SB1370, SD1
relating to Cesspool Compliance Grant Program for DHHL Lessees**

Aloha, Senators:

As Chair of the Committee on Planning, and Chair of the Committee on Government Relations & Economic Development for the County of Hawai'i, I write in strong support of SB1370, SD1.

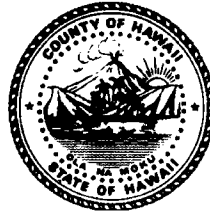
The measure would establish a cesspool compliance grant program in the Department of Hawaiian Home Lands for lessees to convert their cesspools to septic or aerobic treatment, or connect to a sewerage system. Cesspool upgrades are costly, so financial support on this front is vital to comply with cesspool closure obligations.

Thank you for the opportunity to submit testimony on this measure.

Mahalo nui loa,

Ashley Lehualani Kierkiewicz
Hawai'i County Council, District 4

Harry Kim
Mayor



LATE

Wil Okabe
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i Office of the Mayor

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February 19, 2019

Senator Donovan M. Dela Cruz, Chair
Committee on the Ways and Means

Senator Gilbert S.C. Keith-Agaran, Vice Chair

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members:

RE: SB 1370, SD1 Relating to Cesspools

The cost of cesspool conversion is going to be prohibitive for many of our residents, no less so than for those residing on Hawaiian Home Lands. Furthermore, one of the largest homesteads on Hawai'i Island is in one of the most environmentally sensitive areas of Hilo, Keaukaha.

It is therefore in everyone's interest that assistance be provided for homesteaders who must convert to a septic system or aerobic treatment, or connect to a sewerage system.

I hope you will act favorably on SB 1370, SD1, or provide funding in the Senate version of the Budget.

Respectfully Submitted,


Harry Kim
MAYOR

LATE

SB-1370-SD-1

Submitted on: 2/19/2019 11:24:59 AM

Testimony for WAM on 2/19/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Thorne Abbott	Individual	Support	No

Comments: