



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

**Testimony in SUPPORT of SB3142 SD2 HD1  
RELATING TO WATER INFRASTRUCTURE**

REPRESENTATIVE KYLE T. YAMASHITA, CHAIR  
HOUSE COMMITTEE ON FINANCE

Hearing Date: 3/28/2024

Room Number: 308

1 **Fiscal Implications:** No impact to State funds. This affects federal moneys only.

2 **Department Testimony:** The Department of Health (Department) strongly supports this  
3 measure which would give the Department the authority to transfer up to 33% of any year's  
4 grant between the Drinking Water Treatment Revolving Loan Fund (also known as the Drinking  
5 Water State Revolving Fund [DWSRF]) and the Water Pollution Control Revolving Fund (also  
6 known as the Clean Water State Revolving Fund [CWSRF]).

7 Based on review and consultation with the Department of the Attorney General, the  
8 Department offers additional amendments to SB3142 SD2 HD1 to align the language in the bill  
9 with conditions precedent. Title 40 Code of Federal Regulations (40 CFR) §35.3530(c)  
10 establishes threshold conditions that must be met before the State can invoke the transfer  
11 authority. Recommended revisions to word certain conditions in the past tense are offered in the  
12 amendment Sections 2 and 3 of this testimony to properly sequence the completion of 1) the  
13 Attorney General certified the funds and 2) the operating agreements were amended contingent  
14 to transfer of funds. Additionally, the Department recommends the inclusion of clarifying  
15 language in Section 1 and the effective date be modified from July 1, 3000 to July 1, 2024 in  
16 Section 5.

17 The Department currently administers these two low interest loan programs for the  
18 improvement of public drinking water systems and wastewater treatment and distribution  
19 systems in Hawaii. These loan programs are funded principally by capitalization grants  
20 provided by the U.S. Environmental Protection Agency (EPA). Previously, these grants

1 provided approximately \$8 million per year to each program. From federal fiscal year 2022 to  
2 2026, the Bipartisan Infrastructure Law capitalization grants will provide the largest  
3 capitalization grants into both programs since their establishment. At the present time, these  
4 grants provide approximately \$66 million per year to the DWSRF program and \$25 million per  
5 year to the CWSRF program. This measure would allow the Department to direct loan monies  
6 more efficiently towards the drinking water or wastewater infrastructure needs across the State,  
7 including for the recovery of the Maui water and wastewater infrastructure, resulting in the  
8 greatest benefit to public health or environmental protection.

9 This measure will help ensure the continued and consistent award of these two annual  
10 capitalization grants. The EPA oversees the State’s implementation of the DWSRF and  
11 CWSRF programs and can withhold or delay future capitalization grants whenever a program is  
12 struggling to expeditiously disburse their funds. The ability to move funds between programs  
13 and direct them towards projects that are ready to proceed will help facilitate timely  
14 disbursements.

15 **Offered Amendments:** The Department respectfully suggests the following revisions.  
16 Additions appear as underlined and deletions appear as strikeouts.

17 SECTION 1, Page 2, lines 17-19: Accordingly, the purpose of this Act is to authorize the  
18 governor, or a state official acting pursuant to an authorization from the governor, to transfer  
19 federal capitalization grant funds in accordance with federal law.

20 SECTION 2, Page 3, lines 17-20 and Page 4, lines 1-8:

21 “(A) The attorney general, or someone designated by the attorney general, shall  
22 ~~sign or concur~~have signed or concurred in a certification for the drinking  
23 water treatment revolving loan fund and water pollution control revolving  
24 fund that state law permits the State to transfer funds; and

25 (B) The operating agreements or other parts of the capitalization grant  
26 agreements for the drinking water treatment revolving loan fund and water  
27 pollution control revolving fund shall ~~be~~have been amended to detail the  
28 method the State will use to transfer funds;”

29 SECTION 3, Page 5, lines 17-20 and Page 6, lines 1-8:

1           “(A) The attorney general, or someone designated by the attorney general, shall  
2           ~~sign or concur~~have signed or concurred in a certification for the drinking  
3           water treatment revolving loan fund and water pollution control revolving  
4           fund that State law permits the State to transfer funds; and;

5           (B) The operating agreements or other parts of the capitalization grant  
6           agreements for the drinking water treatment revolving loan fund and water  
7           pollution control revolving fund shall ~~be~~have been amended to detail the  
8           method the State will use to transfer funds;”

9           SECTION 5, Page 7, line 1: “This Act shall take effect on July 1, ~~3000~~ 2024.”

10          Thank you for the opportunity to testify.



Email: [communications@uluPono.com](mailto:communications@uluPono.com)

HOUSE COMMITTEE ON FINANCE  
Thursday, March 28, 2024 — 3:30 p.m.

**UluPono Initiative supports SB 3142 SD2 HD1, Relating to Water Infrastructure.**

Dear Chair Yamashita and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at UluPono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy, clean transportation choices, and better management of freshwater resources.

**UluPono supports SB 3142 SD2 HD1**, which authorizes the Governor or a state official with authorization from the Governor to transfer federal capitalization grant funds between the Water Pollution Control Revolving Fund (CWSRF) and the Drinking Water Treatment Revolving Fund (DWSRF), in accordance with title 40 Code of Federal Regulations section 35.3530(c).

The DOH currently administers these two low-interest loan programs for the improvement of public drinking water systems and wastewater treatment and distribution systems in Hawai'i. These loan programs are funded principally by capitalization grants provided by the U.S. Environmental Protection Agency.

SB 3142 does not require any state funding. Rather, it provides the Governor, or a state official authorized by the Governor, the authority to transfer up to 33% of any year's capitalization grants between the CWSRF and the DWSRF, allowing the State to direct loan monies more efficiently towards the drinking water or wastewater infrastructure, according to community needs across the islands. This provides DOH and the State of Hawai'i with another tool to respond to a crisis, such as the Red Hill fuel spill or the Maui fires.

This measure would also bring the state program in line with the Code of Federal Regulations, which already allows this transfer authority.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata

*Investing in a Sustainable Hawai'i*



Director of Government Affairs

**SB-3142-HD-1**

Submitted on: 3/26/2024 12:05:47 PM

Testimony for FIN on 3/28/2024 3:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

SUPPORT!

MAHALO!

**SB-3142-HD-1**

Submitted on: 3/27/2024 11:10:58 AM

Testimony for FIN on 3/28/2024 3:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Nimr Tamimi	Individual	Support	Written Testimony Only

Comments:

I support this bill