

STAND. COM. REP. NO. 3293

Honolulu, Hawaii

MAR 22 2024

RE: H.B. No. 2743  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committees on Agriculture and Environment, Health and Human Services, and Government Operations, to which was referred H.B. No. 2743, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO WASTEWATER,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require each county to develop and maintain a wastewater management plan;
- (2) Authorize the Director of Health to exempt a county from creating a wastewater management plan if the county has an existing wastewater management plan that substantially meets certain requirements;
- (3) Require the counties to:
  - (A) Identify specific priority areas in which the county sewer system or other centralized treatment system will be expanded or constructed to reduce or eliminate cesspools before January 1, 2050; and
  - (B) Provide for the designation of these areas as sewer improvement districts;



- (4) Authorize each county to:
- (A) Assess a monthly cesspool pollution fee beginning on July 1, 2025, on real properties containing a cesspool;
  - (B) Create a county cesspool closure and mitigation special fund; and
  - (C) Use cesspool pollution fee revenues for certain activities that eliminate, reduce, or mitigate the impacts of cesspools, including the expansion of county sewer systems and the issuance of grants and low-interest loans to property owners; and
- (5) Appropriate an unspecified amount of funds:
- (A) For the Department of Health to carry out its duties pursuant to this Act, including establishing an unspecified number of full-time equivalent permanent positions; and
  - (B) To the counties to develop and maintain a wastewater management plan.

Your Committees received testimony in support of this measure from the Department of Land and Natural Resources; two members of the Hawai'i County Council; County of Hawai'i Department of Environmental Management; Hawai'i State Association of Counties; Wastewater Alternatives and Innovations LLC; Hawai'i Association of REALTORS; Indivisible Hawaii; Maui Chamber of Commerce; Surfrider Foundation, Hawaii Region; Hawai'i Reef and Ocean Coalition; Public Access to SunScreens Coalition; Fair Wind Cruises; and eighteen individuals.

Your Committees received testimony in opposition to this measure from the County of Maui Department of Environmental Management and four individuals.

Your Committees received comments on this measure from the Department of Health, Tax Foundation of Hawaii, and one individual.



Your Committees find that to reduce water pollution, unless exempted by the Department of Health, all cesspools in the State are required to be updated or converted to another method of waste disposal or connected to a sewerage system by January 1, 2050. Your Committees further find that it is difficult for property owners to comply with this legislative mandate, due to issues such as high costs and the inability to identify which priority cesspools are located in areas where wastewater facilities will be expanded. This measure would not only inform cesspool owners on whether they should invest in cesspool conversions or wait to connect with an existing or proposed county wastewater system, but also provide the counties with a new source of revenue to construct, expand, and maintain their wastewater systems, including the ability to provide financial assistance to low- and moderate-income landowners, to support the updates, conversions, and connections of cesspools in the State.

Your Committees note that the Department of the Attorney General and interested stakeholders have had an opportunity to discuss potential amendments to this measure, to address the various concerns and additional recommendations submitted through testimony. Amendments to this measure are therefore necessary to incorporate this consensus language.

Your Committees have amended this measure by:

- (1) Deleting language that would have:
  - (A) Required each county to develop and maintain a wastewater management plan;
  - (B) Authorized the Director of Health to exempt a county from creating a wastewater management plan if the county has an existing wastewater management plan that substantially meets certain requirements;
  - (C) Required the counties to identify specific priority areas in which the county sewer system or other centralized treatment system will be expanded or constructed to reduce or eliminate cesspools before January 1, 2050;



- (D) Required each county to set an amount of the cesspool pollution fee assessed on each applicable real property parcel to be no less than fifty percent and no more than one hundred percent of the amount of the monthly sewage fee that would be applicable to the property if the property were connected to the county's sewer system;
  - (E) Appropriated an unspecified amount of funds:
    - (i) For the Department of Health to carry out its duties pursuant to this Act, including establishing an unspecified number of full-time equivalent permanent positions; and
    - (ii) To the counties to develop and maintain a wastewater management plan; and
  - (F) Defined "alternative plan", "county advisory board", and "wastewater treatment";
- (3) Authorizing, rather than requiring, the counties to designate specific priority areas as sewer improvement districts;
  - (4) Amending language to authorize each county to, beginning on July 1, 2025, assess a cesspool pollution fee, monthly or otherwise, on real properties containing a cesspool;
  - (5) Amending the reporting requirements for each county that assesses a cesspool pollution fee;
  - (6) Adding language that:
    - (A) Requires the University of Hawaii Sea Grant College Program and the University of Hawaii Water Resources Research Center to develop an overlay with the Hawaii Cesspool Prioritization Tool to identify specific priority areas in which the county sewer system or other centralized treatment system could most feasibly be expanded or



constructed to reduce or eliminate cesspools before January 1, 2050;

- (B) Authorizes the counties to use other revenues, including real property tax revenues, for certain activities that eliminate, reduce, or mitigate the impacts of cesspools;
  - (C) Allows moneys in any county cesspool closure and mitigation special fund to be used to repay obligations incurred in receiving monies to fund the operation of the cesspool closure and mitigation special fund program;
  - (D) Appropriates an unspecified amount of funds for the University of Hawaii Sea Grant College Program and the University of Hawaii Water Resources Research Center to identify specific priority areas in which the county sewer system or other centralized treatment system could most feasibly be expanded or constructed to reduce or eliminate cesspools before January 1, 2050; and
  - (E) Defines "individual wastewater system" and "wastewater system";
- (7) Amending the definitions of "community-scale package wastewater treatment system" and "sewer system";
  - (8) Codifying various definitions in the Hawaii Administrative Rules;
  - (9) Amending all references to "community-scale package wastewater treatment system" to "community-scale package wastewater system";
  - (10) Amending section 1 to reflect its amended purpose; and
  - (11) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Agriculture and Environment, Health and Human



Services, and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2743, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2743, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Agriculture and Environment, Health and Human Services, and Government Operations,



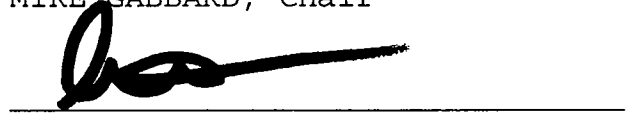
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JOY A. SAN BUENAVENTURA, Chair



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MIKE GABBARD, Chair



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ANGUS L.K. MCKELVEY, Chair









