



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

**Testimony in SUPPORT of HB2453 HD1
RELATING TO WATER INFRASTRUCTURE**

REPRESENTATIVE KYLE T. YAMASHITA, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: 2/26/2024

Room Number: 308

1 **Fiscal Implications:** None

2 **Department Testimony:** The Department of Health (Department) strongly supports this
3 measure that would give the Department the authority to transfer up to 33% of any year's grant
4 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 The Department currently administers these two low interest loan programs for the
8 improvement of public drinking water systems and wastewater treatment and distribution
9 systems in Hawaii. These loan programs are funded principally by capitalization grants
10 provided by the U.S. Environmental Protection Agency (EPA). Previously, these grants
11 provided approximately \$8 million per year to each program. From federal fiscal year 2022 to
12 2026, the Bipartisan Infrastructure Law capitalization grants will provide the largest
13 capitalization grants into both programs since their establishment. At the present time, these
14 grants provide approximately \$66 million per year to the DWSRF program and \$25 million per
15 year to the CWSRF program. This measure would allow the Department to direct loan monies
16 more efficiently towards the drinking water or wastewater infrastructure needs across the State,
17 resulting in the greatest benefit to public health or environmental protection.

18 This measure will help ensure the continued and consistent award of these two annual
19 capitalization grants. The EPA oversees the State's implementation of the DWSRF and the
20 CWSRF programs and can withhold or delay future capitalization grants whenever a program is

1 struggling to expeditiously disburse their funds. The ability to move funds between programs
2 and direct them towards projects that are ready to proceed will help facilitate timely
3 disbursements.

4 This measure would also bring the state program in line with 40 Code of Federal
5 Regulations (CFR) §35.3530(c) Drinking Water State Revolving Funds: Transfers, which already
6 allows this transfer authority. Revisions to Section 2 and Section 3 of the measure are offered
7 for consistency with 40 CFR §35.3530(c).

8 **Offered Amendments:** The Department respectfully suggests the following revisions to the
9 proposed HRS amendments. Additions appear as underlined and deletions appear as strikeouts.

10 SECTION 2, Page 2, line 21 and Page 3, lines 1-20: “The ~~director~~ Governor, or a state
11 official acting pursuant to authorization from the Governor, may transfer an amount up to or
12 equal to thirty-three per cent of a fiscal year’s drinking water treatment revolving loan fund
13 capitalization grant ~~amount~~ to the water pollution control revolving fund established under
14 section 342D-83, or an equivalent dollar amount from the water pollution control revolving fund
15 to the drinking water treatment revolving loan fund established under section 340E-35. The
16 following conditions shall apply:

17 (1) ~~Each year in which the director~~ When the state initially decides to transfers funds
18 pursuant to this section:

19 (A) The attorney general, or someone designated by the attorney general’s
20 designee, shall certify in writing, must sign or concur in a certification for
21 the drinking water treatment revolving loan fund and water pollution
22 control revolving fund that state law permits the director to transfer funds
23 between the drinking water treatment revolving loan fund and water
24 pollution control revolving fund; and

25 (B) The ~~director shall amend the~~ operating agreements or other parts of the
26 capitalization grant agreements for the drinking water treatment revolving
27 loan fund and water pollution control revolving fund must be amended to
28 document detail the method the state will used to transfer funds;”

29 SECTION 3, Page 4, lines 18-21 and Page 5, lines 1-17: “The ~~director~~ Governor, or a
30 state official acting pursuant to authorization from the Governor, may transfer an amount up to or

1 equal to thirty-three per cent of a fiscal year’s drinking water treatment revolving loan fund
 2 capitalization grant ~~amount~~ to the drinking water treatment revolving loan fund established under
 3 section 340E-35, or an equivalent dollar amount from the drinking water treatment revolving
 4 loan fund to the water pollution control revolving fund, established under section 342D-83. The
 5 following conditions shall apply:

6 (1) ~~Each year in which the director~~ When the state initially decides to transfers funds
 7 pursuant to this section:

8 (A) The attorney general, or someone designated by the attorney general’s
 9 designee, shall certify in writing, must sign or concur in a certification for
 10 the drinking water treatment revolving loan fund and water pollution
 11 control revolving fund that state law permits the state to transfer funds;
 12 and;

13 (B) The ~~director shall amend the~~ operating agreements or other parts of the
 14 capitalization grant agreements for the drinking water treatment revolving
 15 loan fund and water pollution control revolving fund must be amended to
 16 ~~document~~ detail the method the state will used to transfer funds;”

17 SECTION 3, Page 6, lines 4-9: “(4) Funds may be transferred on a net basis between the
 18 water pollution control revolving fund and drinking water treatment revolving loan fund;
 19 provided that the thirty-three per cent transfer allowance associated with ~~water pollution control~~
 20 ~~revolving~~ drinking water treatment revolving loan fund capitalization grants received is not
 21 exceeded.”

22 Thank you for the opportunity to testify.

HB-2453-HD-1

Submitted on: 2/24/2024 9:11:29 PM

Testimony for FIN on 2/26/2024 3:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------------------|---------------------------|------------------------|
| Ted Bohlen | Hawaii Reef and Ocean Coalition | Support | Written Testimony Only |

Comments:

I represented the DOH for 15 years on state revolving loan programs for drinking water and clean water. On behalf of the Hawaii Reef and Ocean Coalition, I **STRONGLY SUPPORT** this measure! It is needed to provide DOH with flexibility to maximize revolving loans to support county drinking water and wastewater infrastructure. This is a concern to the Hawaii Reef and Ocean Coalition because wastewater infrastructure is necessary for clean ocean water quality, upon which our coral reef health depends.

Please pass this bill!

Hawaii Reef and Ocean Coalition (by Ted Bohlen)



Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE
Monday, February 26, 2024 — 3:30 p.m.

Ulupono Initiative supports HB 2453 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 HB 2453 HD1, which authorizes the Department of Health (DOH) 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.

HB 2453 does not require any state funding. Rather, it provides DOH the authority to transfer up to 33% of any year's capitalization grants between the CWSRF and the DWSRF, allowing DOH to direct loan monies more efficiently towards the drinking water or wastewater infrastructure, according to community needs across the State. This provides DOH 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
Director of Government Affairs

Investing in a Sustainable Hawai'i