



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**

SENATOR JOY A. SAN BUENAVENTURA, CHAIR
SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES

Hearing Date: 3/15/2024

Room Number: 225

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 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 Based on review and consultation with the Department of the Attorney General and
8 federal agencies, the need for conforming amendments after this measure was submitted to the
9 Governor was revealed. The conflicts proposed for correction include:

- 10 1) The requirement that validation by the attorney general for the ability to transfer funds
11 need only be certified on the initial transfer. (Title 40 Code of Federal Regulations
12 (40 CFR) §35.3530 (c)(1)(i))
- 13 2) Designate the authority to transfer to the Governor and not the director of health
14 (although the Governor may elect to delegate to another state authority of their selection).
15 (40 CFR §35.3530 (c))
- 16 3) Clarify that the transfer limit of funds between programs and in either direction, is
17 calculated on the basis of 33% the value of the Drinking Water Treatment Revolving
18 Loan Fund (DWTRLF) received. (40 CFR §35.3530(c)(5))

19 The Department currently administers these two low interest loan programs for the
20 improvement of public drinking water systems and wastewater treatment and distribution

1 systems in Hawaii. These loan programs are funded principally by capitalization grants
2 provided by the U.S. Environmental Protection Agency (EPA). Previously, these grants
3 provided approximately \$8 million per year to each program. From federal fiscal year 2022 to
4 2026, the Bipartisan Infrastructure Law capitalization grants will provide the largest
5 capitalization grants into both programs since their establishment. At the present time, these
6 grants provide approximately \$66 million per year to the DWSRF program and \$25 million per
7 year to the CWSRF program. This measure would allow the Department to direct loan monies
8 more efficiently towards the drinking water or wastewater infrastructure needs across the State,
9 resulting in the greatest benefit to public health or environmental protection.

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

16 This measure would also bring the state program in line with 40 CFR §35.3530(c)
17 Drinking Water State Revolving Funds: Transfers, which already allows this transfer authority.
18 Revisions to Section 2 and Section 3 of the measure are offered for consistency with 40 CFR
19 §35.3530(c).

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

22 SECTION 2, Page 2, line 20-21 and Page 3, lines 1-20: ““§340E- Drinking water
23 treatment revolving loan fund; transfers. The ~~director~~ Governor, or a state official acting
24 pursuant to authorization from the Governor, may transfer an amount up to or equal to thirty-
25 three per cent, calculated on the basis of a fiscal year’s drinking water treatment revolving loan
26 fund capitalization grant amount; from the drinking water treatment revolving loan fund to the
27 water pollution control revolving fund established under section 342D-83, or an equivalent dollar
28 amount from the water pollution control revolving fund to the drinking water treatment revolving
29 loan fund established under section 340E-35. The following conditions shall apply:

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

3 (A) The attorney general, or someone designated by the attorney general's
4 ~~designee, shall certify in writing, must sign or concur in a certification for~~
5 the drinking water treatment revolving loan fund and water pollution
6 control revolving fund that state law permits the ~~director~~ state to transfer
7 funds ~~between the drinking water treatment revolving loan fund and water~~
8 ~~pollution control revolving fund~~; and

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

13 SECTION 3, Page 4, lines 17-21 and Page 5, lines 1-17: “§342D- Water pollution
14 control revolving fund; transfers. The ~~director~~ Governor, or a state official acting pursuant to
15 authorization from the Governor, may transfer an amount up to or equal to thirty-three per cent,
16 calculated on the basis of a fiscal year's water pollution control revolving~~drinking water~~
17 treatment revolving loan fund capitalization grant amount, from the water pollution control
18 revolving fund to the drinking water treatment revolving loan fund established under section
19 340E-35, or an equivalent dollar amount from the drinking water treatment revolving loan fund
20 to the water pollution control revolving fund, established under section 342D-83. The following
21 conditions shall apply:

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

24 (A) The attorney general, or someone designated by the attorney general's
25 ~~designee, shall certify in writing that state law permits the director to~~
26 ~~transfer funds between the drinking water treatment revolving loan fund~~
27 ~~and water pollution control revolving fund~~ must sign or concur in a
28 certification for the drinking water treatment revolving loan fund and
29 water pollution control revolving fund that state law permits the state to
30 transfer funds; and;

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

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

10 Thank you for the opportunity to testify.



Email: communications@ulupono.com

SENATE COMMITTEE ON HEALTH & HUMAN SERVICES
Friday, March 15, 2024 — 1:00 p.m.

Ulupono Initiative supports HB 2453 HD1, Relating to Water Infrastructure.

Dear Chair San Buenaventura 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