



UNIVERSITY OF HAWAII SYSTEM 'ŌNAEHANA KULANUI O HAWAII

Legislative Testimony
Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Finance
Tuesday, February 27, 2024 at 12:00 p.m.

By

Darren T. Lerner, PhD

Director, University of Hawai'i (UH) Sea Grant College Program,
School of Ocean and Earth Science and Technology

And

Thomas Giambelluca, PhD

Director, UH Water Resources Research Center

And

Michael Bruno, PhD, Provost

University of Hawai'i at Mānoa

HB 2743 HD1 – RELATING TO WASTEWATER

Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

The University of Hawai'i Sea Grant College Program (Hawai'i Sea Grant) and UH Water Resources Research Center **support HB 2743 HD1.**

This legislation mandates each county to develop and maintain a wastewater management plan with specific requirements. It provides the Director of Health with the authority to exempt counties with existing plans meeting certain criteria. Counties are tasked with identifying priority areas for expanding or constructing centralized treatment systems to eliminate cesspools by 1/1/2050, designating them as sewer improvement districts. Starting 7/1/2025, counties can assess a monthly cesspool pollution fee on properties with cesspools, utilizing revenues for various mitigation activities, including sewer system expansion and grants/loans to property owners. The legislation acknowledges that the appropriation exceeds the state's general fund expenditure ceiling for 2024-2025 and makes appropriations accordingly.

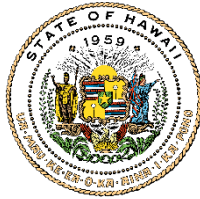
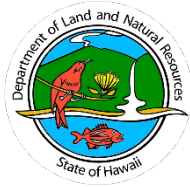
The transition away from cesspools signifies Hawai'i's dedication to public health, recognizing the close connection between residents' well-being and effective wastewater management to ensure safety. Moving from cesspools to advanced wastewater treatment methods safeguards Hawai'i's natural resources and upholds the state's reputation as a global leader in sustainable environmental practices. This transition demonstrates Hawai'i's commitment to meeting and surpassing water quality standards set by regulatory bodies, showcasing proactive efforts to enhance environmental quality for residents' benefit.

Because this bill adds responsibilities for the Department of Health related to the management and oversight of county programs, our departments encourage the legislature's support of capacity increases at the Department of Health, specifically within the Wastewater Branch, so that they can effectuate their growing responsibilities related to cesspool conversion.

Thank you for the opportunity to testify on this measure.

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAI'I | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committees on
FINANCE

Tuesday, February 27, 2024
12:00 PM

State Capitol, VIA VIDEOCONFERENCE, Conference Room 308

In consideration of
HOUSE BILL 2743, HOUSE DRAFT 1
RELATING TO WASTEWATER

House Bill 2743, House Draft 1 proposes 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 under certain conditions; 3) require 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 1/1/2050; 4) provide for the designation of these priority areas as sewer improvement districts; 5) authorize each county to assess a monthly cesspool pollution fee beginning in 7/1/2025 on real properties containing a cesspool; 6) authorize the counties to use 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 7) makes appropriations. **The Department of Land and Natural Resources (Department) supports this bill.**

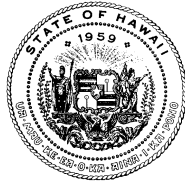
Clean nearshore waters are vital to both public health and the health of nearshore reefs and associated fisheries. Wastewater systems have the potential to pollute groundwater and nearshore waters by introducing elevated levels of contaminants such as nitrogen, phosphorus, and pathogens. A 2023 Hawai'i-based study¹ found that septic and cesspool pollution is a major driver of coral reef decline along the West Hawai'i coastline. When excess nutrients, such as nitrogen, from these wastewater systems enter nearshore waters, they stimulate the growth of algae, which can smother coral. The Department believes that requiring counties to develop and

¹ Gove, J.M., Williams, G.J., Lecky, J. *et al.* Coral reefs benefit from reduced land-sea impacts under ocean warming. *Nature* **621**, 536-542 (2023). <https://doi.org/10.1038/s41586-023-06394-w>

DAWN N. S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
RYAN K.P. KANAKA'OLE
FIRST DEPUTY
DEAN D. UYENO
ACTING DEPUTY DIRECTOR - WATER
AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

maintain a wastewater management plan will reduce the amount of contaminants entering Hawai'i's nearshore waters and support more resilient coral reef ecosystems in the long run.

Mahalo for the opportunity to provide testimony in support of this measure.



STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
P. O. BOX 3378
HONOLULU, HI 96801-3378
doh.testimony@doh.hawaii.gov

In reply, please refer to:
File:

**Testimony in SUPPORT of HB2743 HD1
RELATING TO WASTEWATER**

REPRESENTATIVE KYLE T. YAMASHITA, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: 2/27/2024

Room Number: 308

- 1 **Fiscal Implications:** This measure may impact the priorities identified in the Governor's
2 Executive Budget Request for the Department of Health's (Department) appropriations and
3 personnel priorities.
- 4 **Department Testimony:** The Department supports the intent of this measure that will require
5 each county to develop and maintain a wastewater management plan; authorize the director of
6 health to exempt a county from creating a wastewater management plan if the county has an
7 existing plan that substantially meets certain requirements; require the counties to identify
8 specific priority areas in which the county sewerage system or other centralized treatment system
9 will be expanded or constructed to reduce or eliminate cesspools before January 1, 2050, and
10 provide for the designation of these areas as sewer improvement districts; authorize each county
11 to assess a monthly cesspool pollution fee beginning on July 1, 2025, on real properties
12 containing a cesspool; authorize the counties to use cesspool pollution fee revenues for certain
13 activities that eliminate, reduce, or mitigate the impacts of cesspools, including the expansion of
14 county sewerage systems and the issuance of grants and low-interest loans to property owners;
15 and make appropriations. The Department supports cesspool conversion efforts managed by the
16 counties.
- 17 **Offered Amendments:** The Department respectfully suggests the following revisions to the
18 proposed HRS amendments. Additions appear as underlined and deletions appear as strikeouts.
- 19 SECTION 2, §342D-M Reports, Page 28, lines 11-13: "(iii) Total cesspools, properly
20 closed in the county due to grants and loans issued under section 342D-K(c) (8);"

1 SECTION 5, Page 49, lines 8-21: “SECTION 5. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$____ or so much thereof as may be necessary for
3 fiscal year 2024-2025 for the department of health to perform duties required pursuant to
4 section 2 of this Act; provided that:

5 (1) \$89,500 shall be expended to establish one full-time equivalent (1.0 FTE) permanent
6 engineer V (SR-26) position;

7 (2) \$82,700 shall be expended to establish one full-time equivalent (1.0 FTE) permanent
8 engineer IV (SR-24) position; and

9 (3) \$76,800 shall be expended to establish one full-time equivalent (1.0 FTE) permanent
10 accountant IV (SR-24) position.”

11 Thank you for the opportunity to testify.

DEPARTMENT OF PUBLIC WORKS

TROY TANIGAWA, P.E., COUNTY ENGINEER
BOYD GAYAGAS, DEPUTY COUNTY ENGINEER



DEREK S.K. KAWAKAMI, MAYOR
REIKO MATSUYAMA, MANAGING DIRECTOR

Testimony of Donald Fujimoto
Chief Wastewater Management Division
County of Kaua'i
Department of Public Works

Before the
House Committee on Energy & Environmental Protection
Thursday, February 13, 2024 9:05 AM
325 Via Videoconference

In consideration of
House Bill 2743
Relating to Wastewater

Honorable Chair Lowen and Vice Chair Elle and Members of the Committee:

The County of Kaua'i Department of Public Works submits testimony with suggested amendments on House Bill No. 2743 (HB2743), which will require each county to develop and maintain a wastewater management plan. It will require the counties to reduce or eliminate cesspools before 1/1/2050. This plan will also authorize counties to assess a monthly cesspool pollution fee beginning 7/1/2025.

The EPA mandate to eliminate cesspools by 1/1/2050 is a challenge that requires serious action. We commend the legislature for moving forward to meet this goal.

The County of Kauai is currently confronted with its own wastewater issues trying to fund much needed repairs which is already stressing financial resources. The Wastewater Management Division (WMD) just raised its sewer fees by 58% on residential accounts over a five-year period starting on 7/1/23. Kauai county has leveraged its state revolving fund (SRF) for much needed repair projects amounting to over \$100 million in the next several years.

We believe that approximately \$10 to \$15 million will be needed to develop the required wastewater management plan (WMP) and take about 5 to 7 years to complete. The county of Kauai has three private wastewater utilities in Koloa, Puhi and Princeville that service about 45% of the population. The study will need to gather information from these new wastewater service areas that the county has no information on.

County regional facility plans for Waimea, Eleele, Lihue and Wailua are currently being updated and should include most of the information required for the wastewater management plan (WMP). The total cost to update these plans are estimated to be about \$15 million and will be completed in 2028. The updated facility plans will include an analysis of cesspool conversion opportunities through expanding service within each region.

HB2743 will require that the county integrate all of its regional plans with the new private service regions to determine sewer improvement districts on the island of Kauai. Due to limited financial resources the task to determine scheduling priorities for implementation for the island will be overwhelming. Furthermore, the Priority 1 and 2 tier classification for cesspools did not consider political policies regarding rising sea tide and global warming to deter development in coastal areas. Prioritizing cesspool service in coastal areas will encourage new development and will not be consistent with efforts to relocate out of the areas susceptible to flooding and shoreline erosion.

Obviously financial analysis will recommend expanding service in areas where the rate of return on investment (ROI) is highest and be the logical areas to develop first as sewer improvement districts. Communities that are easy to provide collection systems to requiring minimum collection system upgrades. At some point the various wastewater treatment facilities will need to be expanded to meet the new flows.

New international building codes (IBC) requirements within Tsunami zone will require relocation of two of our wastewater treatment facilities in Waimea and Wailua. The expansion of these facilities which could have been incremental amount is now a major cost that was not budgeted for. The average cost for a regional wastewater treatment facility is about \$100 million requiring at least 10 to 15 years to complete based on recent environmental clearances, siting studies and land acquisition.

Another important consideration is that the wastewater management plan may impact the rate of future development. If the county determines sewer improvement districts with schedules based on priorities and funding requirements, any new developments within that district may need to be postponed until the actual implementation of the proposed compliance projects.

As aforementioned our biggest hurdle will be developing a financial plan to determine what the county could afford. With that said we acknowledge our responsibility to assist in reaching the EPA mandate.

We recommend the following revisions to HB2743 to help the county of Kauai:

1. Add in the definition section:
 - Director – Director of Health
 - Department – Department of Health
2. Add that the Cesspool Pollution Fees can be used to pay for the development of the wastewater management plan and for any additional cost to maintain the wastewater management plan.
3. Clarify and eliminate any reference that the county will be responsible for approving new private individual wastewater treatment facilities. This is a Department of Health regulatory requirement. Should our WMP indicate that certain areas would not be practical to service, the developer would need to design and get proper permits by the DOH for a individual wastewater system.
4. Clarify and eliminate any reference to the county being responsible for meeting EPA goals for elimination of cesspools. It should be noted that the county does not serve all regions on Kauai. The state approved the current private utility wastewater facilities and will approve all new future individual wastewater systems. This has a direct impact on meeting EPA compliance.
5. Exemption should be expanded to include delays due to time requirements to gather information and finalize reports with advisory board.
6. Clarify that the cesspool pollution fee will be between 50% to 100% of sewer monthly rates. No additional studies or justification will be required.

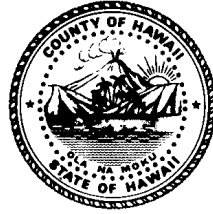
Furthermore, to properly prepare the wastewater management plan, we would need accurate accounting of current cesspools and their locations. The Department of Health (DOH) regulates the closing of cesspools and should have this information readily available. The DOH will need to provide this information along with monthly updates on the changes in cesspool status to properly adjust for the cesspool pollution fee.

The state revolving fund will need to be bolstered and subsidized by the state to fund the expansion collection and treatment needs to address cesspool conversion to legitimize the implementation of the wastewater management plan. A very preliminary estimate to service the low hanging fruits, where the ROI may be justified is about \$500 million just for our current county service areas, not including the regions serviced by private utility or not being serviced at all (i.e. Koloa, Kalaheo, Puhi, Princeville, Hanalei, Anahola).

The state should stress during the public hearings that cesspool pollution fees will be assessed to the general public for all current cesspool owners by this HB2743. We do not want the public to perceive that the county is responsible for this new fee.

Your consideration and revisions for our recommended changes will be sincerely appreciated. We respect your noble effort to address EPA cesspool compliance.

HEATHER L. KIMBALL
COUNCIL CHAIR
Council District 1 (North Hilo,
Hāmākua, and portion of Waimea)



Phone: (808) 961-8828
Fax: (808) 961-8912
Email: Heather.Kimball@hawaiicounty.gov

HAWAI‘I COUNTY COUNCIL

25 Aupuni Street, Ste. 1402.
Hilo, Hawai‘i 96720

February 26, 2024

House Committee on Finance
Honorable Representative Kyle Yamashita, Chair

RE: **Support for HB 2743 HD1**

Dear Chair Yamashita and members of the Finance Committee:

As the Chair of the Hawai‘i County Council, I thank you for the opportunity to submit **testimony in SUPPORT of HB 2743 HD1, along with proposed amendments**, relating to wastewater. This legislation requires the counties to develop and maintain a wastewater management plan and authorizes each county to assess a monthly cesspool pollution fee to be used by the counties to help to facilitate the conversion of the cesspools.

The conversion of cesspools across the state presents a significant financial burden to the counties and property owners. However, cesspools present a well-established threat to human health and the environment. The urgent need to start conversions can no longer be delayed. Bill HB 2743 HD1 represents a novel and fair system for everyone to contribute to a solution including individuals, the counties and the state and the proposed fee reflects the true cost burden of cesspools in our state. The requirement for counties to have a wastewater management plan ensures that there is a public process and clear guidelines and priorities for the the use of these funds, particularly to help lower and moderate-income families convert their cesspools, before any fees are assessed.

HB2743 HD1 was developed through a highly collaborative process, led by Rep. Nakamura, members of your committees, representatives from the counties and other stakeholder groups. We are grateful to have had the opportunity to work collaboratively towards a solution to ensure the elimination of cesspools in Hawai‘i before 2050. In addition to expressing support for the bill I would like to suggest the following amendments:

Please add a new section to allow each county to waive the collection of cesspool pollution fees based on income or other considerations.

Please add to uses of cesspool closure and mitigation special fund the ability to leverage State cesspool conversion loan special funds, should funding become available.”

Hawai‘i County is an Equal Opportunity Provider and Employer.

I do urge that this committee to continue to improve and move HB2743 HD1 through the legislative process. We are certain with continued collaboration and dialogue we will arrive at a final bill that will be amenable to all involved. Thank you for the opportunity to submit this testimony. If you would like to discuss this matter further, please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in cursive script that reads "Heather Kimball". The signature is written in black ink and is positioned above the printed name.

HEATHER L. KIMBALL

Hawai'i State Association of Counties (HSAC)
Counties of Kaua'i, Maui, Hawai'i, and City & County of Honolulu
Website: hawaiicounties.org | Email: hsac@hawaiicounties.org



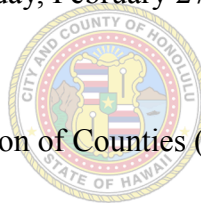
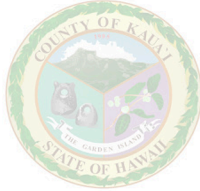
**Testimony of the
Hawai'i State Association of Counties**

H.B. No. 2743, H.D.1

Relating to Wastewater

Committee on Finance

Tuesday, February 27, 2024, 12 p.m.



The Hawai'i State Association of Counties (HSAC) supports H.B. 2743, H.D.1, which authorizes the counties to:

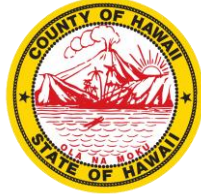
- Develop and maintain a wastewater management plan;
- Authorizes the counties to identify priority areas for the expansion of county sewerage systems to reduce or eliminate cesspools;
- Assess a cesspool pollution fee to generate the revenues to eliminate, reduce or mitigate the impact of cesspools; and
- Establish a cesspool closure and mitigation special fund.

H.B. 2743, H.D.1, authorizes the counties to establish a cesspool closure and mitigation special fund to provide low-interest loans to property owners, for the expansion of wastewater treatment projects, including the upgrading, repair, or replacement of existing systems, to eliminate, reduce, or eliminate the impact of cesspools.

The conversion of onsite wastewater treatment systems requires substantial investment of funds by the homeowner. H.B. 2743, H.D.1 establishes a financial program and incentives to attempt to ease the cost of upgrading cesspools.

For these reasons, the Hawai'i State Association of Counties strongly supports H.B. 2743, H.D.1, and requests your favorable consideration of this measure.

REBECCA VILLEGAS
Council Member
District 7, Central Kona



PHONE: (808) 323-4267
FAX: (808) 323-4786
EMAIL: Rebecca.villegas@hawaiicounty.gov

HAWAI'I COUNTY COUNCIL

*West Hawai'i Civic Center, Bldg. A
74-5044 Ane Keohokalole Hwy.
Kailua-Kona, Hawai'i 96740*

TESTIMONY OF REBECCA VILLEGAS COUNCIL MEMBER

HAWAII COUNTY COUNCIL

ON HB 2743 HD1 RELATING TO WASTEWATER

House Committee on Finance

February 22, 2024

Chairperson Yamashita and Members of the Committee:

My testimony is submitted in my individual capacity as a member of the Hawaii County Council.

I support HB2743 HD1, relating to wastewater. This legislation requires the counties to develop and maintain a wastewater management plan and authorizes each county to assess a monthly cesspool pollution fee to be used by the counties to help facilitate the conversion of the cesspools.

The conversion of cesspools across the state presents a significant financial burden to the counties and property owners. However, cesspools present a well-established threat to human health and the environment. The urgent need to start conversion can no longer be delayed. Bill HB 2743 represents a novel and fair system for everyone to contribute to a solution including individuals, the counties and the state and the proposed fee reflects the true cost burden of cesspools in our state. The requirement for counties to have a wastewater management plan ensures that there is a public process and clear guidelines and priorities for the use of these funds, particularly to help lower and moderate-income families convert their cesspools, before any fees are assessed.

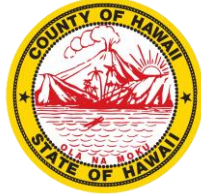
For these reasons stated above, I urge the House Committee on Finance to support this measure. Should you have any questions, please contact me at, (808) 323-4267.

Mahalo for your consideration.

A handwritten signature in black ink, appearing to read 'Rebecca Villegas', is written over a light blue horizontal line.

Rebecca Villegas
Council Member, Hawai'i County Council

REBECCA VILLEGAS
Council Member
District 7, Central Kona



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HAWAI'I COUNTY COUNCIL

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Kailua-Kona, Hawai'i 96740*

TESTIMONY OF REBECCA VILLEGAS COUNCIL MEMBER

HAWAII COUNTY COUNCIL

ON HB 2743 HD1 RELATING TO WASTEWATER

House Committee on Finance

February 22, 2024

Chairperson Yamashita and Members of the Committee:

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For these reasons stated above, I urge the House Committee on Finance to support this measure. Should you have any questions, please contact me at, (808) 323-4267.

Mahalo for your consideration.

A handwritten signature in black ink, appearing to read "Rebecca Villegas".

Rebecca Villegas
Council Member, Hawai'i County Council

February 27, 2024

The Honorable Kyle T. Yamashita, Chair

House Committee on Finance

State Capitol, Conference Room 308 & Videoconference

RE: House Bill 2743 HD1, Relating to Wastewater

HEARING: Tuesday, February 27, 2024, at 12:00 p.m.

Aloha Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 11,000 members. HAR **supports and offers comments** on House Bill 2743 HD1, which requires each county to develop and maintain a wastewater management plan. Authorizes the Director of Health to exempt a county from creating a wastewater management plan under certain conditions. Requires 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 1/1/2050. Provides for the designation of these priority areas as sewer improvement districts. Authorizes each county to assess a monthly cesspool pollution fee beginning in 7/1/2025 on real properties containing a cesspool. Authorizes the counties to use 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. Makes appropriations. Effective 7/1/3000.

HAR supports this measure with comments related to funding mechanisms for the counties. We support the issuance of grants and low-interest loans to property owners to be able to convert their cesspools and note that counties could utilize federal sources of funding as well as tax increment financing ("TIF"). TIF entails issuing bonds with repayment from taxes generated by future rises in property values. This tool can also be used towards infrastructure and development in regions with areas identified as high priority because infrastructure and the environmental impacts of cesspools are a community concern. Counties already have the power to issue bonds and should consider exploring this as well as federal sources of funding to assist residents with conversion and improve wastewater infrastructure in their jurisdictions.

HAR supports the goal of protecting our water and ocean resources and recognize that cesspool conversion is important to preserve our environment. There are approximately 83,000 cesspools divided into three priorities¹ (48,596 on Hawaii Island; 14,300 on Kauai; 11,038 on Maui; 1,400 on Molokai; and 7,491 on Oahu) with

¹ University of Hawai'i Sea Grant College Program. *Hawai'i Cesspool Prioritization Tool*.

<https://seagrant.soest.hawaii.edu/cesspools-tool/>

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only 26 years to meet the state's mandate to convert all cesspools to a Director of Health ("DOH") approved wastewater system. To convert 83,000 cesspools by 2050, at least 3,192 cesspools need to be converted per year. It is crucial that we properly plan and find ways to assist communities and homeowners as resources and manpower are limited, especially on the neighbor islands.

Undertaking such a massive infrastructure project will require proper planning across various stakeholders and government institutions, including state and local governments. This measure is an important next step through development of a wastewater management plan so that we may be able to determine which areas sewer can be built out or where other conversion options are possible.

Affordability and financial planning are key. The Cesspool Conversion Working Group conducted an affordability analysis² for homeowners. Based on the analysis, 97% of homeowners would be financially burdened by cesspool conversion costs. Equally concerning, even with a \$10,000 rebate 82% of homeowners would still be financially burdened. Costs will vary greatly depending on resources, labor, permitting delays, property terrain, and other variables. Most homeowners will not be able to afford to do this alone and would need additional assistance to ensure they can meet the mandate to convert.

Mahalo for the opportunity to testify on this measure.

² Cesspool Conversion Working Group. (2022). *Final Report to the 2023 Regular Session Legislature*. State of Hawai'i Department of Health. <https://health.hawaii.gov/opppd/files/2022/12/Act-170-SLH-2019-Nov-2022.pdf>



2/26/2024

Finance Committee
Hawai'i State Capitol
Honolulu, Hawai'i 96813

Dear Chair Yamashita and Members of the Finance Committee,

Position: Support HB2743

The Surfrider Foundation, Hawai'i region, is testifying in **strong support of HB2743** that would require each county to develop and maintain a wastewater management plan.

With an estimated 83,000 cesspools, Hawai'i has one of the highest per capita number of cesspools in the nation that discharge 53 million gallons of raw sewage into our groundwater every day. Moving from cesspools to advanced wastewater treatment methods is critical to protecting our natural resources. Hawai'i's counties by law have the power over matters of sanitation and sewers, but have not developed comprehensive wastewater management plans. This bill would require the counties to develop such plans and determine which areas in each county will fall within expanded sewer areas. These county-based plans will, for one, provide clarity to local residents of cesspool conversion requirements or the opportunity to be serviced by local sewer lines.

HB2743 would also make explicit the counties' authority to assess cesspool pollution fees on cesspool owners and use the revenue to eliminate, reduce, or mitigate the impacts of cesspools, including the issuance of grants and low interest loans. Funding will be essential; the costs are very high for either sewerage or upgrading on-site systems. With the significant environmental impact of cesspools on Hawai'i's water quality, we need all the tools and options available to tackle this major issue.

Surfrider Foundation maintains a citizen-science water quality monitoring program called the Blue Water Task Force (BWTF) on Kaua'i, Maui, and O'ahu that tests for enterococcus, a fecal indicator bacteria. Due to the high concentration of cesspools in areas like Nāwiliwili Stream (Kaua'i) and Kahalu'u (O'ahu), the ocean water near and around these areas regularly exceeds state public health standards. Without mechanisms and tools to help finance and convert cesspools and other failing wastewater systems, we will continue to pollute our coastal and freshwaters, threatening both environmental and public health.

Thank you for your consideration of this testimony in support of HB2743 submitted on the behalf of the Surfrider Foundation's 3 Chapters in Hawai'i and all of our members who live in the state and visit to enjoy the many coastal recreational opportunities offered by all of the islands' coastlines.

Sincerely,

Lauren Blickley
Hawai'i Regional Manager
Surfrider Foundation

**Testimony of The Nature Conservancy
Support for HB 2743 HD1, Relating to Wastewater
Committee on Finance
February 27, 2024, 12:00 p.m.
Conference Room 308 & Videoconference**

Aloha Chair Yamashita, Vice Chair Kitagawa, and Members of the Committees:

The Nature Conservancy (TNC) **supports** HB 2743 HD1, relating to wastewater, which requires each county to develop and maintain a wastewater management plan and specifies the requirements of the wastewater management plan. It authorizes the Director of Health to exempt a county from creating a wastewater management plan if the county has an existing plan that substantially meets certain requirements and requires the counties to identify specific priority areas in which the county sewerage system or other centralized treatment system will be expanded or constructed to reduce or eliminate cesspools before 1/1/2050. Further, it provides for the designation of these priority areas as sewer improvement districts and authorizes each county to assess a monthly cesspool pollution fee beginning in 7/1/2025 on real properties containing a cesspool. It authorizes the counties to use fee revenues for certain activities that eliminate, reduce, or mitigate the impacts of cesspools, including the expansion of county sewerage systems and the issuance of grants and low-interest loans to property owners.

Clean coastal waters are critical for our reef ecosystems health. Implementing wastewater management regulatory tools and accelerating the phase out of cesspools is essential to protect our natural resources. Cesspools can cause harm to water quality within adjacent groundwater, anchialine, coral reef systems and fisheries by introducing elevated amounts of organic nitrogen and phosphorus, pathogens, and other contaminants. Contaminants emitted from cesspools can harm aquatic ecosystems by encouraging excess algal and bacterial growth, and can also pose a threat to human health.

Our research has shown direct evidence of cesspool contamination in streams and coastal waters using a variety of bioindicators and chemical signatures. Areas with concentrated cesspools that are close to important water bodies show higher amounts of pharmaceuticals like ibuprofen and carbamazepine that degrade quickly and cannot be attributed to wastewater distribution systems or agricultural or landscaping inputs. While areas that have substantial groundwater flow do dilute the signal, the impact of millions of gallons of untreated wastewater into our important coastal waters is measurable and shows evidence of impact on coastal systems. This bill represents an important step in addressing these concerns. Mahalo for the opportunity to testify in **support** of HB 2743 HD1.

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TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, New Cesspool Pollution Fee

BILL NUMBER: HB 2743 HD 1

INTRODUCED BY: House Committees on Energy & Environmental Protection and Water & Land

EXECUTIVE SUMMARY: Requires each county to develop and maintain a wastewater management plan. Authorizes the Director of Health to exempt a county from creating a wastewater management plan under certain conditions. Requires 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 1/1/2050. Provides for the designation of these priority areas as sewer improvement districts. Authorizes each county to assess a monthly cesspool pollution fee beginning in 7/1/2025 on real properties containing a cesspool. Authorizes the counties to use 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.

SYNOPSIS: The Foundation's testimony will be limited to Part C, which creates a new cesspool pollution fee.

The bill proposes a new part to chapter 342D that would authorize the counties to assess a monthly cesspool pollution fee on any real property that contains a cesspool. The counties are to set the amount of the fee at between 50% and 100% of the monthly sewage fee that would apply to the property if the property were connected to the county's sewer system.

The counties would be responsible for collecting the fee and enforcing noncompliance.

Amends section 46-1.5, HRS, to implement the fee and associated special fund.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: We wonder whether it is wise to enact this new fee if responsibility for its enforcement is going to be foisted onto the counties. The last time the State tried to do the counties a favor by giving them a new revenue source was by Act 1, SLH 2021 (Special Session), which enacted the county transient accommodations tax. After the bill became law, the counties were forced to muddle through setting up the infrastructure to collect the tax and enforce compliance, as they thought they would be able to piggyback on the Department of Taxation's enforcement of the State TAT but soon found out that the Department of Taxation wouldn't be able to help them at all.

Some counties may be more ready than others to take on this type of new responsibility.

Re: HB 2743 HD 1

Page 2

We also question whether a fee of 50%-100% of the normal county sewer fee will be sufficient to motivate people to upgrade or convert their cesspools. We would think that an appropriate fee would need to exceed the normal county sewer fee to provide such motivation.

Digested: 2/25/2024



To: The Honorable Chair Kyle Yamashita, the Honorable Vice Chair Lisa Kitagawa, and Members of the Finance Committee.

From: Hawai'i Reef and Ocean Coalition (by Ted Bohlen)

Re: **Hearing HB2743 HD1 RELATING TO WASTEWATER**

Hearing: Tuesday, February 27, 2024, 12:00 p.m., room 308

Aloha Chair Yamashita, Vice Chair Lisa Kitagawa, and Members of the Finance Committee.

The Hawai'i Reef and Ocean Coalition (HIROC) is a group of scientists, educators, filmmakers and environmental advocates who have been working since 2017 to protect Hawaii's coral reefs and ocean.

Hawai'i Reef and Ocean Coalition STRONGLY SUPPORTS HB2743 HD1!

Cesspool pollution is harming our precious coral reefs and public health! Hawai'i has over 80,000 cesspools that release about 53 million gallons of raw sewage into our groundwater, streams and ocean every single day! This discharge **exposes people to sewage pathogens that can make them sick**. The release of **nutrients** from cesspools through groundwater and streams into the ocean causes algae growth, which can **smother the coral reefs that are essential to protecting our**

shorelines, nurturing our fisheries, preserving water quality, and enabling our lucrative recreational economy. Sea level rise will further exacerbate the public health and environmental problems, as it will cause more cesspools to overflow onto the surface. **Hawaii's coral reefs will die in warmer, more acidic, and rising oceans if we don't reduce cesspool pollution!**

Hawaii's counties by law have the power over matters of sanitation and sewers but have not developed comprehensive wastewater management plans. This bill would require the counties to develop such plans and identify priority areas in each county where sewers will be expanded or constructed to reduce or eliminate cesspools. Among other benefits, such planning can help cesspool owners know whether their cesspools will be connected to a sewer (centralized or decentralized) or they will need an upgraded on-site wastewater system, since the law requires all cesspools to be connected to a sewer, converted, or upgraded by 2050.

This bill would also make explicit the counties' authority to assess cesspool pollution fees on cesspool owners and use the revenue or property tax revenue designated for the cesspool closure and mitigation special fund to eliminate, reduce, or mitigate the impacts of cesspools, including the issuance of grants and low interest loans. Funding to assist cesspool owners will be essential; the costs are very high for either sewerage or upgrading on-site systems.

The Energy and Environment and Water and Land Committees have asked the Committee on Finance to consider an appropriation totaling \$249,000 for three full-time equivalent (3.0 FTE) engineering positions in DOH to implement the cesspool compliance pilot grant project established by Act 153, Session Laws of Hawaii 2022, and perform other duties relating to the conversion of cesspools.

This bill takes necessary steps forward to tackling Hawaii's massive cesspool pollution by requiring comprehensive wastewater planning and explicitly authorizing funding at the county level, with flexibility for the counties to implement.

Please pass this bill!

Mahalo!

Hawai'i Reef and Ocean Coalition (by Ted Bohlen)

HB-2743-HD-1

Submitted on: 2/25/2024 10:47:49 PM

Testimony for FIN on 2/27/2024 12:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Barbara Shimei	Indivisible Hawaii	Support	Written Testimony Only

Comments:

IN SUPPORT

This is a much-needed bill establishing each county's responsibility for a comprehensive wastewater management system. We need to get serious. We have 88,000 cesspools to close or convert and people are getting sick and reefs are dying every day.

The cesspool pollution fee is essential. Cesspool owners will not willingly convert as long as they believe it is cheaper to pay for pumping a cesspool than paying sewer fees or paying for installing and pumping a septic system, but this is only because they are not currently paying the cost of cleaning up their pollution. Financial incentives to pollute must be removed. It cannot be that the cesspool owner saves money by polluting and the public pays money to clean it up. The fee should escalate rapidly and reach a level in within 10 years that reflects the public cost of cesspool pollution. This will drive conversion/closure forward more efficiently than any deadline.

We need this comprehensive bill. Please pass it now.



HB2743 HD1

Aloha Honorable Members of the Committee,

On behalf of our thousands of supporters, we kindly ask you to **support HB 2743 HD1.**

As the coral reefs surrounding Hawai'i face numerous threats due to human impact, we must be vigilant and proactive to ensure these vital ecosystems continue to survive.

We believe HB 2743 will take much needed action to alleviate the significant pressure and degradation experienced by reefs and coastal areas due to septic and cesspool pollution. We strongly urge you to support this measure. The reefs and biodiversity that call these ecosystems home depend on it.

Natalie Parra
Co-Founder at Keiko Conservation
Campaign Director at Oceanic Preservation Society



Feb. 26, 2024

In Support of **HB2743 HD1** Relating to Cesspools
House Committee on Finance (FIN)
Hearing on Feb. 27, 12:00pm, Rm. 308

Aloha, Chair Yamashita, Vice-Chair Kitagawa, and Committee Members:

On behalf of the non-profit WAI: Wastewater Alternatives & Innovations and the Cesspool Legislative Task Force, I am writing in **strong support of HB2743**. This comprehensive bill would require that the counties work together with the state DOH to come up with Wastewater Management Plans, create a cesspool impact fee and use this funding to help with the cost of converting cesspools across the state. This bill includes the top recommendations of the State's Cesspool Conversion Working Group, on which I served from 2018-2022.

Under Act 125 (2017), all cesspools are mandated to be converted by 2050. To facilitate these cesspool conversions, this bill would require the counties to come up with Wastewater Management Plans to see where sewer extensions may be available and to require conversions of cesspools in all other areas. To help finance these conversions, the bill gives the counties authority to charge fees on homeowners with cesspools, and these funds would be used to help low-moderate income homeowners with the costs of conversions and to hire needed staff at DOH to oversee this process. Currently, cesspool owners are the only ones not paying either sewer fees or the cost of upgrades.

Hawaii has more than 83,000 cesspools across the state, discharging 52 million gallons of raw sewage each day into Hawaii's waters. That's similar to a massive sewage spill every day! Along with threats to public health and drinking water resources, new research in *Nature* shows that this polluted wastewater poses significant harm to coral reefs and the near-shore environment (see also [my article in Hawaii Business Magazine](#)). The people of Hawaii need this law to make sure their wastewater systems aren't polluting the groundwater or nearby surface waters.

WAI is an environmental non-profit dedicated to protecting our drinking water, groundwater and near-shore ecosystems by reducing sewage pollution from cesspools and failing septic systems. Our goal is to help find more innovative, affordable, and eco-friendly solutions to wastewater management and help homeowners with the conversion process. Better sanitation systems reduce sewage and nutrient pollution and make properties more valuable, while also protecting public health and valuable natural resources like groundwater, streams, coral reefs and coastal areas.

Hawaii is struggling with serious sewage pollution problems, and the state has a mandate to make sure all cesspools are converted in the next three decades. This bill will provide the necessary planning, funding and cross-sector collaboration that is needed to convert cesspools across the state. Mahalo for your leadership on this issue and support of this bill.

Aloha,
Stuart Coleman
Stuart H. Coleman, Executive Director



TO: House Finance Committee

FROM: Lynn Miyahira representing Public Access to SunScreens (PASS) Coalition

DATE: Tuesday, Feb 27, 2024

TIME: 12:00 pm

Re: HB 2743

Position: SUPPORT

The [Public Access to SunScreens](#) (PASS) Coalition is a multi-stakeholder coalition composed of public health groups, dermatologists, sunscreen manufacturers, and leading advocates for skin cancer patients. We also support efforts that protect our coral reefs.

We support this measure.

Cesspools are a pressing issue in Hawaii that impacts our health, water quality, and coral reefs. With over 83,000 cesspools in the state, discharging about 50 million gallons of raw sewage every day, immediate action is needed to mitigate their negative impact. Untreated wastewater leaking from cesspools into nearshore waters can cause high levels of nitrogen in the water, which leads to algae blooms that suffocate and cover our coral reefs.

HB 2743 will require each county to develop and maintain a wastewater management plan and allows them to charge a cesspool pollution fee. This comprehensive approach with the counties is important to address the cesspool pollution problem.

Mahalo you for the opportunity to testify.

Sincerely,

Lynn Miyahira
Public Access to SunScreens (PASS) Coalition



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
Tuesday, February 27, 2024 AT 12:00 P.M.

To The Honorable Kyle T. Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair
Members of the Committee on Finance

SUPPORT HB2743 RELATING TO WASTEWATER

The Maui Chamber of Commerce **SUPPORTS HB2743.**

The Chamber notes that this bill is critical as wastewater treatment is important to our top priority, which is housing. We agree that each county should have a wastewater management plan and appreciate that this bill would allow counties to use existing plans if they are approved by the Department of Health.

We believe that the sooner cesspool owners convert to a less polluting wastewater system, the quicker our water systems (ground water & near shore water) can recover from potential seepage issues. There are elements of this bill we have supported in the past such as cesspool conversion, grants to perform those conversions, and prioritization of affected areas. This bill will help in moving housing forward and it should help streamline permitting.

We feel that this bill is another tool the toolbox to addressing critical infrastructure needed for housing.

For these reasons, we **SUPPORT HB2743.**

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

HB-2743-HD-1

Submitted on: 2/24/2024 7:14:55 PM

Testimony for FIN on 2/27/2024 12:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Douglas Perrine	Individual	Support	Written Testimony Only

Comments:

I support HB2743. The State cannot achieve its goal of converting all cesspools on schedule without the full and active participation of all the Counties, and this bill provides an agenda to get them onboard.

HB-2743-HD-1

Submitted on: 2/25/2024 12:54:38 PM

Testimony for FIN on 2/27/2024 12:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Betsy Scolnik	Individual	Support	Written Testimony Only

Comments:

in strong support NOW

HB-2743-HD-1

Submitted on: 2/25/2024 1:25:40 PM

Testimony for FIN on 2/27/2024 12:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lois Langham	Individual	Support	Written Testimony Only

Comments:

I support this bill. Water is life.

HB-2743-HD-1

Submitted on: 2/25/2024 6:54:20 PM

Testimony for FIN on 2/27/2024 12:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Arlene Twomey	Individual	Support	Written Testimony Only

Comments:

I support HB2743. As part of our paddling community, I have witnessed many people getting infected, hospitalized and even dying from their exposure to our previous pristine waters. I support assessing a monthly cesspool pollution fee beginning in 7/1/2025 on real properties containing a cesspool. The counties would use the 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. Makes appropriations.

HB-2743-HD-1

Submitted on: 2/25/2024 7:11:01 PM

Testimony for FIN on 2/27/2024 12:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael Becker	Individual	Support	Written Testimony Only

Comments:

I fully support this bill.

HB-2743-HD-1

Submitted on: 2/26/2024 6:20:25 AM

Testimony for FIN on 2/27/2024 12:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lisa Bishop	Individual	Support	Written Testimony Only

Comments:

Please support this bill!

HB-2743-HD-1

Submitted on: 2/26/2024 9:12:58 AM

Testimony for FIN on 2/27/2024 12:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Hilary Smith	Individual	Support	Written Testimony Only

Comments:

Please pass this important bill to allow counties to charge a cesspool fee, holding cesspool owners accountable for their impact on the environment, and removing the incentive for people to people to have cesspools as a "free ride." Hawaii residents love the ocean, but sometimes people need help making the connection between their actions and their impact on the environment. A cesspool fee makes it clear that dumping raw sewage isn't "free."

HB-2743-HD-1

Submitted on: 2/26/2024 11:52:00 AM

Testimony for FIN on 2/27/2024 12:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Maureen Brock	Individual	Support	Written Testimony Only

Comments:

I am in favor of this bill and anticipate it will lead to improved near shore water quality.