JAN 17 2025

## A BILL FOR AN ACT

RELATING TO CESSPOOLS.

#### BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawaii has more than eighty thousand cesspools that discharge approximately fifty 2 3 million gallons of wastewater into the State's groundwater every 4 day. Cesspools are antiquated, substandard systems that damage public health; pollute drinking water; and lower water quality 5 in streams, ground waters, nearshore marine areas, and the 6 ocean. Cesspool pollution also harms public recreation and 7 8 coral reefs.

9 To mitigate the impacts of cesspools on public health and 10 the environment, the legislature passed Act 125, Session Laws of Hawaii 2017, which requires all cesspools to be upgraded to a 11 septic system or aerobic treatment unit system or connected to a 12 sewerage system by 2050. The legislature finds that while this 13 is an important goal, the State faces challenges in meeting this 14 15 target. Homeowners living on properties with cesspools face 16 expensive costs to comply with the cesspool upgrade mandate,

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including installation, maintenance, and long-term financing
 costs.

The legislature further finds that Act 132, Session Laws of Hawaii 2018, authorized the department of health to establish the cesspool conversion working group to develop a long-range, comprehensive plan for the conversion of cesspools statewide by 2050. The working group identified potential ways to finance the conversion of cesspools.

9 One potential means of financing cesspool conversions is 10 through the United States Environmental Protection Agency's 11 clean water state revolving fund program. This program offers 12 low-cost financing for wastewater infrastructure and water 13 quality projects, including the installation of new septic 14 systems and the conversion of cesspools to septic systems. The 15 program functions like an environmental infrastructure bank, 16 providing funding, primarily through below-market interest rate 17 loans, to eligible borrowers. Individual states are afforded 18 extensive flexibility in administering the clean water state 19 revolving fund program in their respective jurisdictions: 20 states have the authority to define project and applicant 21 eligibilities, financing terms, and loan forgiveness options for

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qualified borrowers. The program may issue loans to
 municipalities as well as to individual homeowners, citizen
 groups, and nonprofit organizations.

The legislature further finds that, as of 2020, eleven
states, not including Hawaii, regularly use the clean water
state revolving fund program to finance decentralized wastewater
projects. These states use the program to finance projects
using a variety of lending structures, including direct
homeowner loans, linked deposit loans, pass-through loans,
sponsorship, and co-funding.

11 The legislature further finds that a significant amount of additional money will become available through the clean water 12 13 state revolving fund program in coming years due to increased 14 funding under the federal Infrastructure Investment and Jobs 15 Act, also known as the Bipartisan Infrastructure Law. In 16 recognition of this additional funding, the legislature finds 17 that the department of health should prioritize the use of 18 moneys in the water pollution control revolving fund, through which Hawaii administers the clean water state revolving fund 19 20 program, to finance projects that eliminate cesspools.

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1	Accordingly, the purpose of this Act is to require the
2	department of health, to the extent allowable under federal law,
3	to prioritize the use of water pollution control revolving fund
4	moneys for projects by homeowners to upgrade cesspools to
5	director-approved wastewater systems or connect homeowners'
6	properties to sewerage systems.
7	SECTION 2. Chapter 342D, Hawaii Revised Statutes, is
8	amended by adding a new section to part V to be appropriately
9	designated and to read as follows:
10	" <u>§342D-</u> Prioritization of projects that eliminate
11	cesspools. Notwithstanding any provision of this part to the
11 12	<b>cesspools.</b> Notwithstanding any provision of this part to the contrary, and to the extent allowable under federal law, the
12	contrary, and to the extent allowable under federal law, the
12 13	contrary, and to the extent allowable under federal law, the director shall prioritize the use of revolving fund moneys for
12 13 14	contrary, and to the extent allowable under federal law, the director shall prioritize the use of revolving fund moneys for projects by homeowners to:
12 13 14 15	contrary, and to the extent allowable under federal law, the director shall prioritize the use of revolving fund moneys for projects by homeowners to: (1) Upgrade cesspools to director-approved wastewater
12 13 14 15 16	<pre>contrary, and to the extent allowable under federal law, the director shall prioritize the use of revolving fund moneys for projects by homeowners to: (1) Upgrade cesspools to director-approved wastewater systems; or</pre>
12 13 14 15 16 17	<pre>contrary, and to the extent allowable under federal law, the director shall prioritize the use of revolving fund moneys for projects by homeowners to: (1) Upgrade cesspools to director-approved wastewater systems; or (2) Connect homeowners' properties to sewerage systems,</pre>

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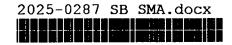
SECTION 3. If any part of this Act is found to be in 1 2 conflict with federal requirements that are a prescribed condition for the allocation of federal funds to the State, the 3 conflicting part of this Act shall be inoperative solely to the 4 extent of the conflict and with respect to the agencies directly 5 affected, and this finding does not affect the operation of the 6 remainder of this Act in its application to the agencies 7 concerned. Any administrative rules adopted pursuant to this 8 Act shall meet federal requirements that are a necessary 9 condition to the receipt of federal funds by the State. 10

SECTION 4. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

14 SECTION 5. New statutory material is underscored.

15 SECTION 6. This Act shall take effect upon its approval.

INTRODUCED BY: Hut M. Retury



#### Report Title:

DOH; Cesspools; Septic Systems; Clean Water State Revolving Fund; Prioritization

#### Description:

Requires the Department of Health, to the extent allowable under federal law, to prioritize the use of Water Pollution Control Revolving Fund moneys for projects by homeowners to upgrade cesspools to director-approved wastewater systems or connect homeowners' properties to sewerage systems, including projects for the installation of cluster systems or community package plants.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

