



**STATE OF HAWAII  
HAWAII CLIMATE CHANGE MITIGATION & ADAPTATION  
COMMISSION  
POST OFFICE BOX 621  
HONOLULU, HAWAII 96809**

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Director, OPSD

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Director, Hawai'i DP  
Director, Kaua'i DP  
The Adjutant General  
Manager, CZM

**Testimony of  
LEAH LARAMEE  
Climate Change Coordinator on behalf of  
Climate Change Mitigation and Adaptation Commission Co-Chair Mary Alice Evans and  
Co-Chair Dawn N.S. Chang**

**Before the House Committee on  
ENERGY AND ENVIRONMENTAL PROTECTION**

**Thursday, January 30, 2025  
9:00 AM  
State Capitol, Conference Room 325 & Videoconference**

**In consideration of  
HOUSE BILL 1421  
RELATING TO FINANCING**

House Bill 1421 establishes and appropriates funds for a cesspool conversion on-bill financing program to be administered by the Hawaii Green Infrastructure Authority to provide low-interest loans to eligible homeowners for the upgrade, conversion, or connection of cesspools. **The Hawai'i Climate Change Mitigation and Adaptation Commission (Commission) supports this measure provided that its passage does not replace or adversely impact priorities indicated in the Executive Budget request.**

The Commission consists of a multi-jurisdictional effort between 20 different departments, committees, and counties. Removal of cesspools for all properties within the Sea Level Rise Exposure Area (SLR-XA), is imperative to the health of nearshore waters and for members of the public accessing coastal resources. Removal may not be achievable by 2050 as directed by Act 125, Session Laws of Hawai'i 2017, without financing support for replacement. The Commission's 2022 update to the *Sea Level Rise Vulnerability and Adaptation Report* Recommended Action 6.4 counsels that the State should expand policy directives beyond the existing income tax credits and requirement for removal by 2050. Specifically, policy must address existing cesspools in the coastal zone in relation to enforcement of existing laws and regulations.

This bill addresses equity issues around cesspool conversion by providing financing for those that may not have the funding to make this significant investment. Cesspools on the shoreline and in the coastal zone will be an increasing source of nonpoint source pollution as groundwater rises and coastal erosion accelerates. This bill addresses the challenges many homes will have

with converting cesspools by providing on bill financing so that cesspool conversion can begin sooner and more equitably.

Mahalo for the opportunity to testify in support of this measure.



Testimony of  
**Gwen Yamamoto Lau**  
Executive Director  
**Hawai'i Green Infrastructure Authority**  
before the  
**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**  
Thursday, January 30, 2025, 9:00 AM  
State Capitol, Conference Room 325  
in consideration of  
**House Bill No. 1421**  
**RELATING TO FINANCING**

Chair Lowen, Vice Chair Perruso and Members of the Committee:

Thank you for the opportunity to testify on HB1421 relating to financing. The Hawai'i Green Infrastructure Authority (HGIA) **supports** this bill which establishes a cesspool conversion on-bill financing program to provide low-interest loans to eligible homeowners.

While the majority of property owners required to convert or upgrade their existing cesspools may be able to qualify for bank or credit union financing, access to capital barriers exists for approximately 20,000<sup>1</sup> homeowners. It is imperative that in addition to grants, tax credits and other incentives, the State also provide these low and moderate-income<sup>2</sup> (LMI) homeowners with a low-cost financing option, which eliminates credit barriers by leveraging innovative on-bill repayment mechanisms, while still being prudent stewards of public funds.

In order to appease our local financial institutions, the design of this financing program can include the following:

- If there is an existing mortgage(s) on the property, the LMI property owner must seek financing from the local<sup>3</sup> bank, credit union or finance company that holds or services said mortgage(s).
- In addition to meeting the LMI threshold, the property owner must provide two adverse action notices when applying for this financing program. If there is an existing mortgage on the property, one of the adverse action notices must

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<sup>1</sup> This estimate is based on the Federal Reserve Bank's unbanked or underbanked metric of 25%.

<sup>2</sup> Low and moderate-income will be based on HUD/HHFDC's area median threshold by County.

<sup>3</sup> This requirement is waived if the mortgage holder or servicer does not have an office in the state of Hawaii.

be from the local bank, credit union or finance company that holds or services said mortgage<sup>4</sup>.

- A portion of the funds can be used to co-create a credit enhancement for our local financial institutions to finance “near-bankable” homeowners with cesspool conversion loans.

Protecting our environment and ensuring clean water is important. Providing LMI homeowners with credit barriers a low-cost financing option to comply with the state’s mandate is equally important.

Thank you for this opportunity to provide comments and testify in support of HB1421.

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<sup>4</sup> In providing an Adverse Action notice, the existing mortgage holder is acknowledging that they are aware that their borrower will be applying for state financing and is unable to assist their customer with a cesspool conversion request.



**STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I**  
**STATE PROCUREMENT OFFICE**

P.O. Box 119  
Honolulu, Hawaii 96810-0119  
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email: [state\\_procurement\\_office@hawaii.gov](mailto:state_procurement_office@hawaii.gov)  
<http://spo.hawaii.gov>

TESTIMONY  
OF  
BONNIE KAHAKUI, ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE  
ON  
ENERGY & ENVIRONMENTAL PROTECTION  
JANUARY 30, 2025, 9:00 AM

HOUSE BILL 1421  
RELATING TO FINANCING

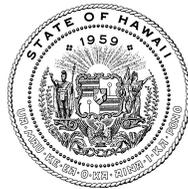
Chair Lowen, Vice Chair Perruso, and members of the committee, thank you for the opportunity to submit testimony on House Bill 1421. The State Procurement Office (SPO) provides the following comments and recommendation.

The SPO testifies that contracts should comply with Chapter 103D, Hawaii Revised Statutes, to ensure fair, open competition and to prevent favoritism, collusion, or fraud in awarding of contracts. This also ensures oversight, accountability, and transparency in the procurement and contracting process which is vital to good government.

Therefore, the SPO recommends the following revisions to Section 3, page 12, lines 18 to 20:

- (7) Enter into contracts for the administration of the cesspool conversion on-bill financing program ~~exempt from~~ in accordance with chapter 103D;

Thank you for the opportunity to submit testimony on this measure.



JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE  
*Ka 'Oihana Mālama Mo'ohelu a Kāla*  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

**WRITTEN ONLY**

TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
ON  
HOUSE BILL NO. 1421

**January 30, 2025**  
**9:00 a.m.**  
**Room 325 and Videoconference**

RELATING TO FINANCING

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill (H.B.) No. 1421: 1) establishes the Cesspool Conversion Loan Special Fund (CCLSF) to be administered by the Hawai'i Green Infrastructure Authority (HGIA) for the purpose of providing low-interest loans to eligible households to upgrade or convert existing cesspools; 2) sets allowable sources of funding for the CCLSF, including legislative appropriations, funds from governmental or private entities, repayment of loans and interest payments, and fees; 3) appropriates an unspecified amount of general funds in FY 26 and FY 27 for deposit into the CCLSF; and 4) appropriates an unspecified amount of special funds out of the CCLSF in FY 26 and FY 27 to provide loan funding, to reprogram and automate the counties' billing systems, and to hire 1.00 program manager position to administer the CCLSF.

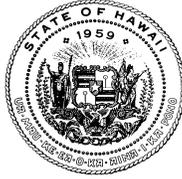
As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should:

1) serve a need as demonstrated by the purpose, scope of work and an explanation why

the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 1421, it is difficult to determine whether the proposed CCLSF would be self-sustaining.

Thank you for your consideration of our comments.

JOSH GREEN, M.D.  
GOVERNOR OF HAWAII  
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII'



KENNETH S. FINK, MD, MGA, MPH  
DIRECTOR OF HEALTH  
KA LUNA HO'ŌKELE

STATE OF HAWAII  
DEPARTMENT OF HEALTH  
KA 'OIHANA OLAKINO  
P. O. Box 3378  
Honolulu, HI 96801-3378  
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**Testimony COMMENTING on HB1421  
RELATING TO FINANCING**

REPRESENTATIVE NICOLE E. LOWEN, CHAIR  
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

January 30, 2025; 9:00 am; Room Number: 325

1 **Fiscal Implications:** None

2 **Department Position:** The Department of Health (“Department”) offers comments.

3 **Department Testimony:** The Environmental Management Division (EMD) provides the  
4 following testimony on behalf of the Department.

5         The Department appreciates that this measure directs the Hawai'i green infrastructure  
6 authority (HGIA) to create a cesspool conversion on-bill financing program and enables the  
7 counties to collaborate with the HGIA to implement the cesspool conversion on-bill financing  
8 program. In light of the now rescinded President's Office of Management and Budget memo  
9 M-25-13, regarding the Temporary Pause of Agency Grant, Loan and Other Financial Assistance  
10 Programs, and an increase in Congressionally Directed Spending and Community Project  
11 Funding, the Department has concern regarding the uncertainty of the capacity of the Water  
12 Pollution Control Revolving Fund (WPCRF) to support the cesspool conversion on-bill financing  
13 program.

14 **Offered Amendments:** None

15         Thank you for the opportunity to testify on this measure.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

THE DIRECTOR

January 27, 2025

M-25-13

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Matthew J. Vaeth, Acting Director, Office of Management and Budget 

SUBJECT: Temporary Pause of Agency Grant, Loan, and Other Financial Assistance Programs

The American people elected Donald J. Trump to be President of the United States and gave him a mandate to increase the impact of every federal taxpayer dollar. In Fiscal Year 2024, of the nearly \$10 trillion that the Federal Government spent, more than \$3 trillion was Federal financial assistance, such as grants and loans. Career and political appointees in the Executive Branch have a duty to align Federal spending and action with the will of the American people as expressed through Presidential priorities. Financial assistance should be dedicated to advancing Administration priorities, focusing taxpayer dollars to advance a stronger and safer America, eliminating the financial burden of inflation for citizens, unleashing American energy and manufacturing, ending “wokeness” and the weaponization of government, promoting efficiency in government, and Making America Healthy Again. The use of Federal resources to advance Marxist equity, transgenderism, and green new deal social engineering policies is a waste of taxpayer dollars that does not improve the day-to-day lives of those we serve.

This memorandum requires Federal agencies to identify and review all Federal financial assistance<sup>1</sup> programs and supporting activities consistent with the President’s policies and requirements.<sup>2</sup> For example, during the initial days of his Administration, President Donald J. Trump issued a series of executive orders to protect the American people and safeguard valuable taxpayer resources, including *Protecting the American People Against Invasion* (Jan. 20, 2025), *Reevaluating and Realigning United States Foreign Aid* (Jan. 20, 2025), *Putting America First in International Environmental Agreements* (Jan. 20, 2025), *Unleashing American Energy* (Jan. 20, 2025), *Ending Radical and Wasteful Government DEI Programs and Preferencing* (Jan. 20,

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<sup>1</sup> 2 CFR 200.1 defines Federal financial assistance to mean “[a]ssistance that recipients or subrecipients receive or administer” in various forms, but this term does not include assistance provided directly to individuals. For the purposes of this memorandum, Federal financial assistance includes: (i) all forms of assistance listed in paragraphs (1) and (2) of the definition of this term at 2 CFR 200.1; and (ii) assistance received or administered by recipients or subrecipients of any type except for assistance received directly by individuals.

<sup>2</sup> Nothing in this memo should be construed to impact Medicare or Social Security benefits.

2025), *Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government* (Jan. 20, 2025), and *Enforcing the Hyde Amendment* (Jan. 24, 2025). These executive orders ensure that Federal funds are used to support hardworking American families.

To implement these orders, each agency must complete a comprehensive analysis of all of their Federal financial assistance programs to identify programs, projects, and activities that may be implicated by any of the President's executive orders. In the interim, to the extent permissible under applicable law, Federal agencies **must temporarily pause** all activities related to obligation or disbursement of all Federal financial assistance, and other relevant agency activities that may be implicated by the executive orders, including, but not limited to, financial assistance for foreign aid, nongovernmental organizations, DEI, woke gender ideology, and the green new deal.

This temporary pause will provide the Administration time to review agency programs and determine the best uses of the funding for those programs consistent with the law and the President's priorities. The temporary pause will become effective on January 28, 2025, at 5:00 PM. Even before completing their comprehensive analysis, Federal agencies must immediately identify any legally mandated actions or deadlines for assistance programs arising while the pause remains in effect. Federal agencies must report this information to OMB along with an analysis of the requirement. OMB also directs Federal agencies to pause all activities associated with open NOFOs, such as conducting merit review panels.

No later than February 10, 2025, agencies shall submit to OMB detailed information on any programs, projects or activities subject to this pause. Each agency must pause: (i) issuance of new awards; (ii) disbursement of Federal funds under all open awards; and (iii) other relevant agency actions that may be implicated by the executive orders, to the extent permissible by law, until OMB has reviewed and provided guidance to your agency with respect to the information submitted.

OMB may grant exceptions allowing Federal agencies to issue new awards or take other actions on a case-by-case basis. To the extent required by law, Federal agencies may continue taking certain administrative actions, such as closeout of Federal awards (2 CFR 200.344), or recording obligations expressly required by law.

Additionally, agencies must, for each Federal financial assistance program: (i) assign responsibility and oversight to a senior political appointee to ensure Federal financial assistance conforms to Administration priorities; (ii) review currently pending Federal financial assistance announcements to ensure Administration priorities are addressed, and, subject to program statutory authority, modify unpublished Federal financial assistance announcements, withdraw any announcements already published, and, to the extent permissible by law, cancel awards already awarded that are in conflict with Administration priorities, and; (iii) ensure adequate oversight of Federal financial assistance programs and initiate investigations when warranted to identify underperforming recipients, and address identified issues up to and including cancellation of awards.



# Environmental Caucus of The Democratic Party of Hawai'i

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January 28, 2025

## Testimony in Support of HB1421: Relating to Cesspool Conversion

Aloha Chair Lowen, Vice Chair Perruso and Members of the Committee on Energy and Environmental Protection,

We, Melodie Aduja and Alan Burdick, are testifying on behalf of the Environmental Caucus of the Democratic Party of Hawaii in strong support of HB1421, which aims to establish and appropriate funds for a cesspool conversion on-bill financing program to be administered by the Hawai'i Green Infrastructure Authority. This program will provide low-interest loans to eligible homeowners for the upgrade, conversion, or connection of cesspools.

### Key Points of Support:

1. **Environmental Protection:** HB1421 will help protect Hawaii's natural resources by reducing pollution from cesspools. Cesspools discharge millions of gallons of wastewater into the state's groundwater daily, harming public health, drinking water, and marine ecosystems.
2. **Public Health:** By facilitating the conversion of cesspools, this bill will improve public health by reducing the contamination of drinking water sources and lowering the risk of waterborne diseases.
3. **Economic Benefits:** The establishment of the cesspool conversion on-bill financing program will create jobs and support local businesses involved in the conversion process. Additionally, protecting coral reefs and other marine resources will benefit Hawaii's tourism and fishing industries.
4. **Financial Assistance:** HB1421 provides low-interest loans to eligible homeowners, making it financially feasible for them to upgrade, convert, or connect their cesspools to more sustainable wastewater management systems.

In conclusion, the Environmental Caucus of the Democratic Party of Hawaii strongly supports HB1421 and urges the committee to pass this important legislation. By addressing the environmental and public health issues caused by cesspools, we can ensure a cleaner, healthier, and more sustainable future for Hawaii.

Mahalo for the opportunity to testify in support of this critical bill.

Sincerely,

Melodie Aduja and Alan Burdick

Co-chairs, Environmental Caucus of the Democratic Party of Hawaii



To: The Honorable Representative Nicole Lowen, Chair, the Honorable Amy Perruso, Vice Chair, and Members of the Committee on Energy and Environmental Protection.

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

Re: Hearing HB1421 **RELATING TO FINANCING**

Hearing: Thursday, January 30, 2025, 9:00 a.m. CR325

Aloha Chair Lowen, Vice Chair Perruso, and Energy and Environmental Protection Committee Members:

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.

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**The Hawai'i Reef and Ocean Coalition STRONGLY SUPPORTS HB1421!**

There are about 83,000 cesspools in Hawai'i that are dumping about 50 million gallons **every day** into Hawaii's groundwater, drinking water, streams, and ocean and harming our coral reefs. By law (the mandate of section 342D-72, Hawaii Revised Statutes), all 83,000 cesspools must be upgraded to a system approved by the Department by 2050.

Cesspool upgrades are expensive. The cost depends on site-specific conditions, but the cost to convert a cesspool to a septic system or an aerobic treatment unit system is often over \$30,000. We need to try to find ways to make upgrades more **affordable** to homeowners and governments.

At a time when many residents of Hawai'i are struggling to make ends meet, our State has an excellent opportunity to **save our people money** by providing low interest loans for those unable to access financing.

This bill directs the Hawai'i Green Infrastructure Authority to create a non-traditional cesspool conversion on-bill financing of low interest loans for those unable to access financing at reasonable rates and terms, including eligible low and moderate income homeowners. On-bill financing has worked for renewable energy and water measures, while mitigating risks to providers of capital, which can reduce costs to borrowers. On-bill low interest loan financing spreads the costs to homeowners over time to make them more affordable.

Recoveries would be through the county water bills.

This bill provides a more affordable way for cesspool owners to pay the costs of upgrading their cesspools.

Please pass this bill!

Mahalo!

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



Date: January 27, 2025

To: Chair Lowen, Vice Chair Perruso, and members of the House Committee on Energy & Environmental Protection of the Hawai'i State Legislature

Re: HB 1421, RELATING TO FINANCING  
Thursday January 30, 2025  
VIA VIDEOCONFERENCE  
Conference Room 325  
State Capitol  
415 South Beretania Street

From: Erica Perez- Program Manager and Head of Sanitation  
eperez@coral.org  
Coral Reef Alliance (CORAL)

Subject: Testimony in SUPPORT of HB 1421, RELATING TO FINANCING.

I am testifying in Support of HB 1421 relating to financing on behalf of the Coral Reef Alliance (CORAL) and a concerned citizen of Moku o Keawe. This bill establishes and appropriates funds for a cesspool conversion on-bill financing program to be administered by the Hawai'i Green Infrastructure Authority to provide low-interest loans to eligible homeowners for the upgrade, conversion, or connection of cesspools. CORAL and The Ocean Legislative Task Force advocate for cesspool conversion as part of our kuleana to care for the oceans that sustain us.

Cesspool upgrades are expensive. We need to try to find ways to make them affordable to homeowners and governments. CORAL has been working to remove cesspools across Hawaii for over ten years. We watch as communities and homeowners invest millions of dollars and countless hours to identify solutions for these outdated systems only to be stalled due to lack of funding and gov capacity. With more than 80,000 cesspools across the state, contributing millions of gallons per day of raw sewage to our groundwater and ocean, cesspools pose a severe threat to coral reefs, human health, and our economy. Coral reefs are essential to shoreline protection for sea level rise, cultural practices, and community well-being.



HB 1421 directs the Hawaii Green Infrastructure Authority to create a non-traditional cesspool conversion on-bill financing of low interest loans for those unable to access financing at reasonable rates and terms, including eligible low and moderate income homeowners. On-bill financing has worked for renewable energy measures and water, while mitigating risks to providers of capital.

Since recovery of funds would be through the county water bills, this will not benefit homeowners of Hawaii County who are not supplied by County water infrastructure, it can assist those households that are.

CORAL is an international coral reef conservation organization that works with communities, businesses, and governments to save coral reefs. With field offices on Maui and Hawai'i Island, and projects throughout the Main Hawaiian Islands, CORAL uses a science-based approach to improve coastal water quality. Throughout the state, CORAL's programs mitigate land-based sources of pollution, such as wastewater discharge and stormwater runoff. We are a member of The Ocean Legislative Task Force, a group of over 100 individuals from diverse environmental organizations, working together to safeguard marine ecosystems. Our collective expertise allows us to craft impactful strategies to protect Hawaii's waters.

In closing, CORAL Supports HB 1421. Mahalo for the opportunity to testify on this important measure,

Sincerely,

Erica Perez  
Program Manager and Head of Sanitation  
eperez@coral.org  
Coral Reef Alliance



TO: House Committee on Energy & Environmental Protection  
Representative Nicole E. Lowen, Chair  
Representative Amy A. Perruso, Vice Chair

FROM: Lynn Miyahira representing Public Access to SunScreens (PASS) Coalition  
DATE: Thursday, Jan 30, 2025  
TIME: 9:00 AM  
PLACE: Conference Room 325 & Videoconference

**Re: HB 1421**

**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.**

Hawaii faces a severe cesspool pollution problem, with over 83,000 cesspools discharging approximately 50 million gallons of raw sewage daily into our groundwater, streams, and oceans. This not only threatens our drinking water but also harms coral reefs that are vital to Hawaii's ecosystem and tourism economy.

Cesspool upgrades are necessary to address this crisis, but they are expensive, creating significant financial challenges for homeowners and governments alike. HB 1421 tackles this issue by directing the Hawaii Green Infrastructure Authority to establish a non-traditional financing program offering low-interest loans to eligible low- and moderate-income homeowners who might otherwise struggle to afford these upgrades.

This on-bill financing program is an equitable solution. By adding loan repayments to county water bills, this measure spreads out costs over time, making cesspool conversions more affordable and manageable for homeowners. On-bill financing has already proven successful in renewable energy and water efficiency initiatives, demonstrating its ability to mitigate risks for providers of capital while delivering tangible benefits for families and communities.

HB 1421 provides a practical, proven, and equitable tool to make necessary cesspool upgrades accessible to those who need them most. We urge your support for this innovative and vital measure.

Mahalo you for the opportunity to testify.

Sincerely,

Lynn Miyahira  
Public Access to SunScreens (PASS) Coalition



Jan., 28, 2025

In Support of **HB1421 Relating to Financing**  
House Committee on Energy & Environmental Protection (EEP)  
Hearing on Jan. 30, 2025, 9:00am, CR325

Aloha, Chair Lowen, Vice-Chair Peruso and Committee Members:

On behalf of the non-profit WAI: Wastewater Alternatives & Innovations, I am writing in **strong support of HB1421**. This bill directs the Hawai'i Green Infrastructure Authority (HGIA) to use on-bill financing to create low-interest loans for homeowners to convert their cesspools. These loans are a needed and valuable resource for those people unable to access financing at reasonable rates and terms, including low and moderate income homeowners.

Cesspool conversions can be costly, and we need to try to find ways to make upgrades more **affordable**. On-bill financing has worked for renewable energy and water measures, and it mitigates risks to providers of capital, which can reduce costs to borrowers. On-bill low interest loan financing spreads the costs to homeowners over time to make them more affordable. Recoveries would be through the county water bills.

Hawaii has more than 83,000 cesspools across the state, discharging 52 million gallons of raw sewage each day into Hawaii's waters. Along with threats to public health and drinking water resources, new research shows that polluted wastewater poses significant harm to coral reefs and the near-shore environment. 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 water resources by reducing sewage pollution from cesspools. We support more innovative, affordable, and eco-friendly solutions to wastewater management. Better sanitation systems protect public health and valuable natural resources like groundwater, streams, coral reefs and coastal areas.

Hawaii is struggling with serious sewage pollution, and the state has a mandate to make sure all cesspools are converted in the next two decades. This bill provides a more affordable way for cesspool owners to pay the costs of upgrading their cesspools. Mahalo for your leadership on this issue and support of this bill.

Aloha,

*Stuart Coleman*

Stuart H. Coleman, Executive Director

**Testimony of The Nature Conservancy  
Supporting HB 1421, Relating to Financing.  
Committee on Energy and Environmental Protection  
January 30, 2025, 9:00 am**

Dear Chair Lowen, Vice Chair Perruso, and Members of the Committee:

The Nature Conservancy (TNC), Hawai'i and Palmyra would like to provide comments HB 1421 which would establish and appropriate funds for a cesspool conversion on-bill financing program to be administered by the Hawai'i Green Infrastructure Authority to provide low-interest loans to eligible homeowners for the upgrade, conversion, or connection of cesspools.

Science conducted by TNC and partners has shown that wastewater, particularly cesspools, are detrimental to the coral reefs which protect our coastlines and underpin our economy. Without clean coastal waters reef ecosystems are put at even greater risk in the face of growing global stressors including climate change.

Cesspools 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 in He'eia, Maunalua, Olowalu, Hana and South Kohala has shown direct evidence of cesspool contamination in streams and coastal waters using a variety of bioindicators and chemical signatures.

One of the primary limitations for cesspool upgrade, conversion or connection at scale is the high-cost of conversion to private homeowners. HB 1421 is one possible avenue to provide valuable financing options. Similar to investments in clean energy, on-bill financing provides low interest loans that can allow for smaller payments over long periods of time. This could encourage homeowners to comply with conversion requirements sooner and reduce environmental stressors more quickly.

Mahalo again for the opportunity to provide comments on HB 1421.

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*Guided by science, TNC is a non-profit organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 40,000 acres in 13 nature preserves and have supported over 50 coastal communities to help protect and restore the nearshore reefs and fisheries of the main Hawaiian Islands.*

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BOARD OF TRUSTEES

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*Founders:* Samuel A. Cooke Herbert C. Cornuelle



To: Nicole E. Lowen, Chair Committee on Energy & Environmental Protection

Re: HB 1421 Relating to Wastewater Systems  
Thursday, January 30, 2025 9:00AM  
VIA VIDEOCONFERENCE  
Conference Room 325  
State Capitol  
415 South Beretania Street

From: Hanna Puentes- Project Coordinator (Hawai'i)  
info@hawaiiwaiola.com  
Hawai'i Wai Ola

Subject: I am testifying in Support of HB 1421 Relating to Cesspools.

I am testifying in Support of HB 1421 relating to Wastewater Systems on behalf of Hawai'i Wai Ola (HWO) and as a concerned community member of Moku o Keawe. HWO is a Hawai'i Island based multi-organization initiative that produces quality assured, publicly-available nearshore water quality data. Since 2018, HWO has collected, analyzed, and reported on water quality throughout Hawaii County, the leading contributor of cesspools across the State, to safeguard our communities and marine ecosystems from sewage contamination. As an advocate for clean water initiatives, I can attest to the challenges of cesspool conversions, including high costs for homeowners and the technical hurdles faced in remote areas. Any actions that reduce costs and provide practical solutions without compromising water quality will greatly support HWO's mission.

The task of reviewing wastewater rules and identifying cost-saving measures is critical to mitigating cesspool pollution, which impacts groundwater and nearshore ecosystems. To achieve this, sufficient funding should be allocated to enable continued collaboration among local experts, agencies, and community stakeholders.

In closing, HWO Supports HB 1421 Thank you for the opportunity to provide this testimony.

Sincerely,

A handwritten signature in black ink, appearing to be 'HP' or similar initials.

Hanna Puentes, Project Coordinator (Hawai'i)  
info@hawaiiwaiola.com  
Hawaii Wai Ola

**HB-1421**

Submitted on: 1/28/2025 12:06:07 PM

Testimony for EEP on 1/30/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Lisa Bishop	Individual	Support	Written Testimony Only

Comments:

I support!

**HB-1421**

Submitted on: 1/28/2025 12:29:54 PM

Testimony for EEP on 1/30/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Douglas Perrine	Individual	Support	Written Testimony Only

Comments:

Most Hawaii homeowners will not convert their cesspools to a more effective method of wastewater treatment until they have available an affordable way to finance that conversion. HB1421 provides an affordable and low-risk financing option for those conversions.

**HB-1421**

Submitted on: 1/28/2025 1:03:09 PM

Testimony for EEP on 1/30/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Aliya Smigel	Individual	Support	Written Testimony Only

Comments:

The cost of living in Hawai'i is already so unaffordable. Most Hawai'i Homeowners cannot afford to convert their cesspools, this program can help address that. it is unreasonable to expect that hawai'i homeowners can shell out tens of thousands of dollars on a cesspool conversion. this financing program has worked for renewable energy measures and water, while mitigating risks to providers of capital.

**HB-1421**

Submitted on: 1/28/2025 10:47:53 PM

Testimony for EEP on 1/30/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Sherry Pollack	Individual	Support	Written Testimony Only

Comments:

I support HB1421 that establishes and appropriates funds for a cesspool conversion on-bill financing program to be administered by the Hawaii Green Infrastructure Authority to provide low-interest loans to eligible homeowners for the upgrade, conversion, or connection of cesspools. Cesspool upgrades are expensive. We need to try to find ways to make them affordable to homeowners and governments. Please pass this important measure.

**HB-1421**

Submitted on: 1/29/2025 12:57:18 PM

Testimony for EEP on 1/30/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jacqueline S. Ambrose	Individual	Support	Written Testimony Only

Comments:

YES to - Establishes and appropriates funds for a cesspool conversion on-bill financing program to be administered by the Hawaii Green Infrastructure Authority to provide low-interest loans to eligible homeowners for the upgrade, conversion, or connection of cesspools.