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FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 2029, H.D. 1, S.D. 1**

April 4, 2016
2:00 p.m.

RELATING TO WATER INFRASTRUCTURE LOANS

House Bill (H.B.) No. 2029, H.D. 1, S.D. 1, establishes the Water Infrastructure Loan Program under the Department of Agriculture (DOA) to make loans for water infrastructure development, repair, and maintenance. The bill also establishes the Water Infrastructure Special Fund to receive revenues from water infrastructure charges including loan repayments, other funds received by the DOA for the purposes of the special fund, interest earnings and other moneys permitted by the Board of Agriculture. The special fund will be used to make water infrastructure loans and paying administrative and other related costs of the loan program.

The Department of Budget and Finance does not take any position on the loan program; however, as a matter of general policy, the department does not support the creation of special funds which do not meet the requirements of Section 37-52.3, Hawaii Revised Statutes. 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. In regards to this bill, it is not clear if the proposed special fund can be self-sustaining.



Wai Maoli

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Testimony of the Hawai'i Fresh Water Council on

H.B. 2029 HD1 SD1

**Relating to Water Infrastructure Loans
Senate Committee on Ways and Means**

Monday, April 4, 2016

2:00 P.M.

Conference Room 211

The Hawaii Fresh Water Council supports the intent of H.B. 2029 HD1 SD1.

The Hawaii Fresh Water Initiative was launched in 2013 and assembled our diverse Fresh Water Council to develop a forward-thinking and consensus-based strategy to increase water security for Hawaii. Our Council jointly and unanimously recommend key strategies and policies with an ultimate goal of creating 100 million gallons per day (mgd) in additional, reliable fresh water capacity by 2030.

One of the key strategies to achieve this statewide water goal is to increase water conservation by 40 mgd, and water reuse by 30 million mgd, over the next 15 years.

HB 2029 HD1 SD1 establishes a water infrastructure loan program within the Department of Agriculture, and allows the authority to make loans for water infrastructure development, repair, and maintenance.

The Council believes that improving our water infrastructure to diversify capture, encourage reuse, and reduce system loss is an important step towards a more secure fresh water future. Innovative new methods and programs to finance this infrastructure improvement are increasingly required.

The Fresh Water Council supports the intent of H.B. 2029 HD 1 SD1 in providing additional, innovative new funding sources to reach our state goal of 100 mgd in additional fresh water availability by 2030.



HAWAI'I COMMUNITY
FOUNDATION



April 4, 2016

Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair
Senate Committee on Ways and Means

Comments in Support of the intent of HB 2029, HD1, SD1, Relating to Water Infrastructure Loans. (Establishes the Water Infrastructure Loan Program under the Department of Agriculture. Allows the Department to make loans for water infrastructure development, repair, and maintenance. Establishes the water infrastructure special fund; and makes an appropriation.)

WAM Hearing: Monday, April 4, 2016, at 2:00 pm in Conference Room 211

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to express its **support of the intent of HB 2029, HD1, SD1**, which establishes a Water Infrastructure Loan Program, and its support of the various agricultural stakeholder groups who defend the goals of viable agricultural operations and the conservation and protection of agriculture, including Important Agricultural Lands (IAL) in Hawaii.

HB 2029, HD12, SD1. This bill establishes a Water Infrastructure Loan Program under the Department of Agriculture (DOA); allows the DOA to make loans for water infrastructure development, repair, and maintenance; and makes an appropriation in an unspecified amount.

The loans may be used for the purchase or installation of water infrastructure equipment for dams, reservoirs, hydroelectric pumping, storm water reclamation, ditch maintenance, spillways, wells, water ducts, and water distribution systems. The DOA would be authorized to make loans on terms approved by DOA, to private entities, whether corporations, partnerships, limited liability companies, or other persons, which entities may lease or provide water infrastructure equipment to utility customers.

LURF's Position. LURF **supports** the intent of this measure, which appears to be to provide state loans as an additional funding alternative needed for improvements to state-wide water infrastructure systems.

Since large amounts of prime agricultural lands and irrigation systems became available for conversion to diversified agriculture as a result of the plantation closures in the 1990s, the State has had the opportunity to strengthen and expand Hawaii's diversified agriculture industry. Agricultural lands, however, require significant quantities of water to support and maintain productivity. In order to ensure that local agricultural producers may continue to receive a dependable supply of water for crops, as well as research and development operations, sufficient funding is necessary to improve, repair and maintain Hawaii's water infrastructure development, repair, and maintenance; and the purchase or installation of water infrastructure improvements, equipment, and personal property for dams, reservoirs, hydroelectric pumping, storm water reclamation, ditch maintenance, spillways, wells, water ducts, and water distribution systems.

Local farmers and ranchers who rely on water infrastructure systems to service their agricultural lands consider such resources critical to conduct their agricultural operations and to sustain their businesses. These agricultural stakeholders believe measures such as HB 2029, HD1, SD1, will greatly assist by providing funding alternatives necessary to make improvements to water infrastructure systems for the long-term betterment of the State's agricultural industry, and depend on legislation such as this to help them work toward the expansion of diversified agriculture; promote the agricultural self-sufficiency of the State; and to protect water as an important resource.

For the above reasons, LURF **supports HB 2029, HD1, SD1**, and respectfully urges your favorable consideration.

Thank you for the opportunity to provide comments in support of this matter.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: Leimana.K.Damate@hawaii.gov
Subject: *Submitted testimony for HB2029 on Apr 4, 2016 14:00PM*
Date: Monday, April 04, 2016 6:39:46 AM

HB2029

Submitted on: 4/4/2016

Testimony for WAM on Apr 4, 2016 14:00PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Llewellyn Kaohelauii	Aha Moku Advisory Committee	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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