

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 HB1396 HD2
RELATING TO CESSPOOLS**

REPRESENTATIVE KYLE T. YAMASHITA, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: 3/1/2023

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. The measure establishes and appropriates general funds for two new
4 full-time permanent positions in fiscal year 2023-2024 and two additional full-time permanent
5 positions in fiscal year 2024-2025.

6 **Department Testimony:** The Department strongly supports this measure that involves creating
7 a pilot program that provides upfront planning funds to counties to identify the most feasible
8 areas to connect to an existing or future wastewater treatment plant, engage communities in the
9 discussion, conduct preliminary engineering, estimate upfront and ongoing costs for
10 implementation, and allowance for contracting of the work to establish and implement the
11 proposed pilot program. The Department supports Part II of this measure that creates a new
12 cesspool conversion section and establishes four (4) new positions within the Department's
13 Wastewater Branch that will be dedicated to facilitating the conversion of cesspools within the
14 State. The Department acknowledges that additional staff will be needed to support the cesspool
15 conversions in the State.

16 The Department also supports Part III of this measure that proposes the re-establishment
17 of the cesspool upgrade, conversion, or connection income tax credit program. The Department
18 recognizes that there is a need to provide a variety of financing options to assist residents for
19 cesspool conversions in addition to the program that was established by Act 153, Session Laws
20 of Hawaii 2022. The Department also supports the mandatory seller disclosures in real estate

1 transactions to include whether a property has a cesspool, including the date by which state law
2 mandates that the cesspool be upgraded, converted or connected to a sewer system.

3 Thank you for the opportunity to testify.

4 **Offered Amendments:** None.



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
Wednesday, March 1, 2023 at 10:00 a.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

Director, UH Water Resources Research Center

And

Michael Bruno, Provost

University of Hawai'i at Mānoa

HB 1396 HD2 – RELATING TO CESSPOOLS

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 **strongly support** HB 1396 HD2.

This bill would advance multiple important efforts that would benefit community and environmental health.

Part I of the bill seeks to create an innovative pilot program within the Department of Health Environmental Management Division that provides funding for wastewater planning and management specific to cesspool conversion via connection to sewer or other centralized systems. This program would incentivize county-level action and promote partnerships and information sharing between the state and county wastewater management programs. Importantly, the bill not only provides planning support but also includes stakeholder outreach and implementation funding. Implementation of this measure could allow for the connection of existing cesspools to sewer or other centralized systems that would not have occurred otherwise, and would likely alleviate financial hardships on those selected to participate in the pilot programs within each county.

Part II of this bill would provide a critical expansion of capacity for the Department of Health by establishing and staffing a Cesspool Conversion section within the Wastewater Branch of the department. The Cesspool Conversion section would create a centralized resource to assist with the multifaceted nature of cesspool conversion and upgrades, including, financing, public outreach and education, providing consistent

information to homeowners, managing grants, securing federal funding, and facilitating partnerships. Currently, these tasks are either not being completed or have been divided in a piecemeal way among entities without standardization or leadership. The Cesspool Conversion section at the Department of Health would be an invaluable resource to ensure the state meets its goals for cesspool conversion and upgrades. Hawai'i Sea Grant and UH Water Resources Research Center defer to the Department of Health on the number of positions needed to fulfill their cesspool-related responsibilities.

Hawai'i Sea Grant and UH Water Resources Research Center further support Part III, the disclosure of a cesspool's presence on a property during a real estate transaction. This disclosure would motivate conversion prior to the sale of the property, accelerating the statewide conversion and upgrade of cesspools. It would also prevent new buyers from the undue burden of conversion without their knowledge and explicit understanding. The new responsibilities for the Department of Health required under this section make the allocation of their new personnel as discussed above even more important.

Finally, we support re-issuing an income tax credit to offset the financial difficulties of cesspool conversion and upgrades. The Cesspool Conversion Working Group recently reported that the vast majority of cesspool owners cannot afford the upgrade of their cesspool to an advanced form of wastewater treatment. Because it is critical to both human and environmental health that the state's cesspools be eliminated as soon as possible, it is important that a multitude of mechanisms for financial assistance be created for homeowners.

Thank you for the opportunity to testify on this measure.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1396, H.D.2, Relating to Cesspools

BEFORE THE:

House Committee on Finance

DATE: Wednesday, March 1, 2023

TIME: 10:00 a.m.

LOCATION: State Capitol, Room 308

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

The Department of Taxation ("Department") offers the following comments regarding H.B. 1396, H.D.2, for your consideration.

Section 9 of H.B. 1396, H.D.2, beginning on page 11, adds a new section to chapter 235, Hawaii Revised Statutes (HRS), which reinstates a nonrefundable income tax credit equal to the qualified expenses of the taxpayer, up to a maximum of \$10,000, for the upgrade or conversion of a qualified cesspool to a wastewater system approved by the Director of Health or connection to a sewerage system. The credit will be certified by the Department of Health (DOH) and has an aggregate cap of an unspecified amount. This measure has a defective effective date of June 30, 3000.

The Department defers to the Department of Health on its ability to certify this credit and administer its aggregate cap, but requests that a third-party certification be maintained, as the Department lacks the subject-matter expertise to determine eligibility for and to administer this credit.

The Department further requests that this measure be amended so that section 9 shall apply to taxable years beginning after December 31, 2023.

Thank you for the opportunity to provide comments on this measure.

Josh Green
GOVERNOR OF HAWAII



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

Co-Chairs:
Chair, DLNR
Director, OPSD

Commissioners:
Chair, Senate AEN
Chair, Senate WTL
Chair, House EEP
Chair, House WAL
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Director, DOT
Director, DOH
Chairperson, DOE
Director, C+C DPP
Director, Maui DP
Director, Hawaii DP
Director, Kauai DP
The Adjutant General
Manager, CZM

Testimony of
Leah Laramee
Coordinator, Hawaii Climate Change Mitigation and Adaptation Commission

Before the House Committee on
FINANCE

Wednesday, March 1, 2023
10:00 AM

State Capitol, Via Videoconference, Conference Room 308

In support of
House Bill 1396 House Draft 2
RELATING TO CESSPOOLS

House Bill 1396 House Draft 2 establishes and appropriates funds for a pilot program within the environmental management division of the department of health to work with each county to identify a priority area to expand the county sewage system or other centralized treatment system to connect individual properties in the priority area and reduce or eliminate cesspools in the identified area. Creates a cesspool conversion section in DOH to facilitate the conversion of cesspools within the State. Establishes and appropriates funds for positions. Establishes an income tax credit for the cost of upgrading or converting a qualified cesspool to a director of health-approved wastewater system or connecting to a sewerage system. Requires certain information regarding cesspools on real property to be included in seller mandatory disclosures for real property transactions. **The Hawaii Climate Change Mitigation and Adaptation Commission (Commission) supports this measure.**

The Hawaii Climate Change Mitigation and Adaptation 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 state law without viable alternatives for replacement. The Commission's 2022 update to the *Sea Level Rise Vulnerability and Adaptation Report* Recommended Action 6.1.1 directs the state to sponsor research and development efforts to expand affordable and actionable conversion options for shoreline property owners. 6.1.1 also counsels that options should account for SLR-XA projections of coastal erosion, associated land loss, and potential failure of onsite sewage treatment systems resulting from sea level rise.

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. 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.

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

27 February 2023

Today, as the president of the non-profit Hawaii Marine Education and Research Center which was created to support communities and our natural resources, I submit testimony in strong support of HB1396_HD2 to establish and appropriate funds for a county cesspool pilot program within the environmental management division of the department of health to work with each county to: identify a priority area to expand the county sewage system or other centralized treatment system to connect individual properties in the priority area and reduce or eliminate cesspools in the identified area; create a cesspool conversion section in DOH to facilitate the conversion of cesspools within the state; and establish a tax credit for the cost of upgrading or converting cesspools to approved waste water treatment systems or connecting them to a sewer system.

- There is now ample data showing both cesspools and septic tanks with leach fields are harmful to the environment, particularly where substrates are porous.
- There is now ample evidence showing both cesspools and septic tanks with leach fields are having detrimental impacts on our coastal ecosystems and coral reefs.
- The most economical and efficient solution is to connect current cesspools and septic tanks to semi-centralized wastewater treatment facilities.

Respectfully,



Robin Martin PhD
President, Hawaii Marine Education and Research Center



Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE
Wednesday, March 1, 2023 — 10:00 a.m.

Ulupono Initiative supports HB 1396 HD2, Relating to Cesspools.

Dear Chair Yamashita and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

Ulupono supports HB 1396 HD2, which establishes and appropriates funds for a pilot program within the Department of Health to work with each county to identify a priority area to expand the county sewage system or other centralized treatment system to connect individual properties in the priority area and reduce or eliminate cesspools in the identified area; creates a cesspool conversion section in DOH to facilitate the conversion of cesspools within the State and establishes and appropriates funds for positions; establishes an income tax credit for the cost of upgrading or converting a qualified cesspool to a director of health-approved wastewater system or connecting to a sewerage system; and, requires certain information regarding cesspools on real property to be included in seller mandatory disclosures for real property transactions.

Ulupono supports statewide cesspool conversion, working toward a more sustainable and environmentally sound approach to waste management and water security. Hawai'i has more than 88,000 cesspools statewide that discharge more than 53 million gallons of untreated sewage into the state's waters each day. This poses major health and environmental risks to our drinking water, groundwater, streams, and shore waters.

The State, working closely with each county, can pilot the effectiveness of a decentralized system to support the conversion of cesspools across our communities. Strategic planning and dedicated resources will need to go hand in hand in order to meet our 2050 goal of converting all cesspools. As this bill states, pilot projects will be helpful when determining a statewide conversion rollout. Additionally, this bill provides many helpful mechanisms, such as dedicated state resources, community incentives, and fair & transparent disclosures to new property owners, to further support our cesspool conversion goal.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



Environmental Caucus of The Democratic Party of Hawai'i

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

Re: **HB 1396, HD2 – RELATING TO CESSPOOLS**

Hearing: Wednesday, March 1, 2023, 10:00 a.m., Conference Room 308 and via Videoconference

Position: **Strong support**

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

The Environmental Caucus of the Democratic Party of Hawai'i stands in strong support of HB 1396, HD2. This measure would provide in Part I: Establish and appropriate funds for a county cesspool pilot program in DOH to work with each county to identify a priority area to expand the county sewage system or other centralized treatment system to connect individual properties in the priority area and reduce or eliminate cesspools in the identified area. In Part II, this measure would Create a cesspool conversion section in DOH to facilitate the conversion of cesspools within the State and establish and appropriate funds for positions. In Part III, this measure would establish an income tax credit for the cost of upgrading or converting a qualified cesspool to a director of health-approved wastewater system or connecting to a sewerage system and it would require certain information regarding cesspools on real property to be included in seller mandatory disclosures for real property transactions.

The Democratic Party of Hawai'i Platform plank on the environment provides that its members are to “protect and preserve Hawai'i's environment and achieve energy sustainability, advance measures to re-establish a healthy climate and environment for humans and fellow species, including actions to urgently address climate change, and work towards 100% renewable energy goals.

We believe that all people have the right to live in a clean, healthy and safe environment. We believe that the preservation of our natural environment and its ecological well-being is essential to ensuring a safe, healthy, bountiful life for future generations in Hawai'i. We support policies that create a more sustainable society. We support the restoration, preservation, and protection of native ecosystems.

We believe in the resource management principles outlined in the Public Trust doctrine of [Article XI, Section 1 of] the Hawai'i State Constitution.” [OUR PLATFORM | DPH \(hawaiidemocrats.org\)](https://www.hawaiidemocrats.org)

Hawaii currently has an official goal to replace all its cesspools with better sewage treatment systems that cause less harm to the local environment and public health by 2050; however, as many as 83,000 cesspools release about 53 million gallons of untreated sewage into the islands' soil, streams and nearshore waters daily making the 2050 deadline too late to prevent substantial harm.

In the Report of the [Cesspool Conversion Working Group](#), nearly 14,000 of the worst Hawaii cesspools – the ones that would potentially cause the most damage based on their location – are to be removed by 2030; followed by more than 12,000 “priority two” cesspools to be removed by 2035; and the remaining “priority three” 55,000 cesspools are to be removed by the original 2050 deadline.



March 1, 2023
Page 2

“There are no benefits to human health or the environment if homeowners wait or postpone conversion until closer to the 2050 ... deadline,” the 17-member task force of scientists, public health officials, private industry representatives, elected leaders and environmental advocates wrote in a new 1,182-page report to the Legislature. [Microsoft Word - Cesspool Conversion Plan Draft Final-copy-blue wave-FINAL use this one \(hawaii.gov\)](#)

(A) Establishing and appropriating funds for a county cesspool pilot program in DOH to work with each county to identify a priority area to expand the county sewage system or other centralized treatment system to connect individual properties in the priority area and reduce or eliminate cesspools in the identified area; (B) creating a cesspool conversion section in DOH to facilitate the conversion of cesspools within the State and establish and appropriate funds for positions; (C) establishing an income tax credit for the cost of upgrading or converting a qualified cesspool to a director of health-approved wastewater system or connecting to a sewerage system; and (D) requiring certain information regarding cesspools on real property to be included in seller mandatory disclosures for real property transactions are consistent with the state and counties' duties under the Public Trust Doctrine and the DPH Platform environmental plank to restore, preserve, and protect our native ecosystem.

Please support and pass this bill.

Mahalo for the opportunity to testify on this measure.

/s/ Melodie Aduja and Alan Burdick
Co-Chairs, Environmental Caucus of the Democratic Party of Hawai'i



TO: House Committee on Finance
Rep. Kyle Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair

FROM: Lynn Miyahira representing Public Access to SunScreens (PASS) Coalition
DATE: March 1, 2023

Position: SUPPORT for HB 1396 HD1

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 stand in **support of HB 1396 HD1**, which establishes and appropriates funds for a pilot program within the environmental management division of the Department of Health (DOH) to work with each county to identify a priority area to expand the county sewage system or create a decentralized treatment system to connect individual properties in the priority area and reduce or eliminate cesspools in the identified area.

Cesspools are a pressing issue in Hawaii and impacts our health, water quality, and coral reefs. With over 80,000 cesspools in the state, discharging about 50 million gallons of wastewater every day, immediate action is needed to mitigate their negative impact. Untreated wastewater leaking from cesspools into nearshore waters is causing high levels of nitrogen in the water (also known as eutrophication). This leads to algae blooms that suffocate and cover our coral reefs.

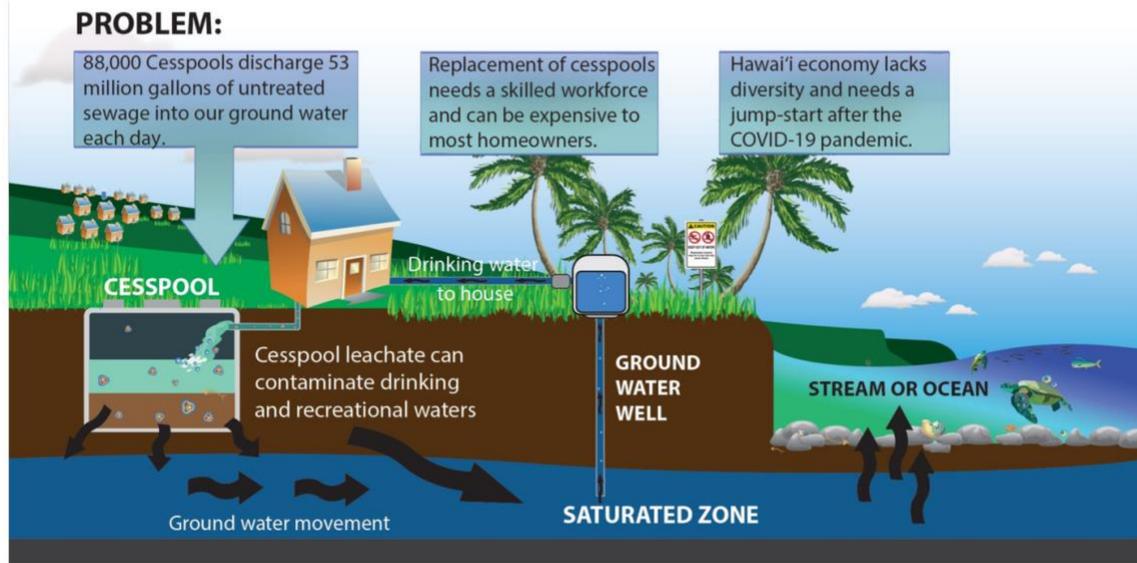
Focusing on efforts to significantly reduce the number of cesspools leaking untreated wastewater into our oceans, would have a much greater impact on our coral reefs than lesser impacts, such as sunscreen, which has not been shown in the overall scientific literature to damage reefs and have not been substantiated in the ocean (only in a lab).

We also encourage the state to look for meaningful ways to help homeowners mitigate the financial burden associated with converting cesspools to more advanced forms of wastewater treatment. Grants, tax incentives, rebates and other programs should be implemented with preference going to households in priority areas.

The state must also support workforce development programs, such as the [Workforce-4-Water \(W4W\) program](#), which is a collaborative program with Wastewater Alternatives and Innovation, the University of Hawaii and PICHTR, to ensure that Hawaii has enough skilled workers to complete all the necessary cesspool conversions. The wastewater industry has the

potential to create much needed steady, professional jobs – especially on the neighbor islands – with promising career pathways to help develop an entire industry of skilled workers.

Below is an easy to understand graphic to explain the damage cesspools are doing to our groundwater, oceans and coral reefs.



Source: <https://waicleanwater.org/workforce4water>

Mahalo you for the opportunity to testify.

Sincerely,
Lynn Miyahira
Public Access to SunScreens (PASS) Coalition



*Dedicated to the conservation of coastal and marine environments,
emphasizing stewardship of the natural resources of Hanauma Bay*

To: House Finance Committee Chair Kyle Yamashita, Vice Chair Lisa Kitagawa, and
Committee Members

From: Friends of Hanauma Bay

Re: **HB1396 HD2 RELATING TO CESSPOOLS**

Hearing: Wednesday March 1, 2023, 10:00 a.m., room 308

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

Friends of Hanauma Bay STRONGLY SUPPORTS HB1396 HD2!

Hawai‘i has a significant public health and environmental problem with water pollution from cesspools. We have over 80,000 cesspools that discharge about 50 million gallons of raw sewage into our groundwater every day! This discharge exposes people to sewage pathogens that can make them sick. The release of nutrients from cesspools causes algae growth, which can smother the corals that are essential to protecting our shorelines, nurturing our fisheries, 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. The recent report of the legislatively-appointed Cesspool Conversion Working Group recommended that Hawai‘i upgrade the cesspools that cause the most pollution (Priority Level 1) by 2030.

A good way to eliminate some cesspools is to connect them to extended county or other central sewer systems (located relatively near to the cesspools). This bill would provide funding (amount as yet unspecified) for pilot programs within DOH, working with each county, to eliminate cesspools by identifying a priority area to connect cesspool properties to expanded county or other centralized sewer systems. This bill would enhance public health and water quality by improving State-county coordination, planning, and preparation to eliminate some cesspools by expanding sewers.

This bill also would help facilitate conversion of cesspools in three other ways:



*Dedicated to the conservation of coastal and marine environments,
emphasizing stewardship of the natural resources of Hanauma Bay*

- By appropriating funds (amount not yet specified) to create a Cesspool Conversion Section within the DOH Wastewater Branch (as recommended by the Cesspool Conversion Working Group) with an as-yet unspecified number of FTE positions;
- Re-establishing the expired cesspool conversion State income tax credit; and
- Requiring that sellers of properties with cesspools disclose material facts about the cesspool(s) to home buyers, including when the cesspool(s) must be upgraded, converted or connected by law, and the priority level of the cesspool(s) according to the Hawai'i Cesspool Hazard Assessment and Prioritization Tool.

Friends of Hanauma Bay urges the Finance Committee to:

- 1. Amend the bill by appropriating funds for the DOH to establish the pilot programs, working with each county, to prioritize where to expand the municipal or other central sewer in each county (the original bill included \$10,000,000 per year for this); and**
- 2. Establish two full-time equivalent (FTE) positions within the DOH Cesspool Conversion Section for fiscal year 2023-2024 and two additional FTEs for fiscal year 2024-2025 and appropriate the necessary funding.**

Mahalo for hearing and passing this important bill with suggested amendments!

With Aloha,
Lisa Bishop
President

March 1, 2023

The Honorable Kyle T. Yamashita, Chair

House Committee on Finance

State Capitol, Conference Room 308 & Videoconference

RE: House Bill 1396, HD2, Relating to Cesspools

HEARING: Wednesday, March 1, 2023, at 10:00 a.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 Hawai'i and its over 11,000 members. HAR **strongly supports** House Bill 1396, HD2, which Part I: establishes and appropriates funds for a county cesspool pilot program in DOH to work with each county to identify a priority area to expand the county sewage system or other centralized treatment system to connect individual properties in the priority area and reduce or eliminate cesspools in the identified area. Part II: Creates a cesspool conversion section in DOH to facilitate the conversion of cesspools within the State. Establishes and appropriates funds for positions. Part III: Establishes an income tax credit for the cost of upgrading or converting a qualified cesspool to a director of health-approved wastewater system or connecting to a sewerage system. Requires certain information regarding cesspools on real property to be included in seller mandatory disclosures for real property transactions. Effective 6/30/3000.

Hawai'i Association of REALTORS® supports the goal of protecting our drinking water, streams, ground water, and ocean resources. We recognize that cesspool conversion is important to preserve our environment. There are approximately 83,000 cesspools divided into three priorities¹ across the state (48,596 on Hawai'i Island; 14,300 on Kauai; 11,038 on Maui; 1,400 on Molokai; and 7,491 on O'ahu) with only 27 years to meet the state's mandate to convert all cesspools to a Director of Health approved wastewater system. To convert 83,000 cesspools by 2050, at least 3,000 cesspools would 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.

Affordability and financial planning are key. The Cesspool Conversion Working Group conducted an affordability analysis² for homeowners. Based on the analysis,

¹ University of Hawai'i Sea Grant College Program. *Hawai'i Cesspool Prioritization Tool*. <https://seagrant.soest.hawaii.edu/cesspools-tool/>

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>



 808-733-7060

 1259 A'ala Street, Suite 300
Honolulu, HI 96817

 808-737-4977

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.

Undertaking such a massive infrastructure project will require proper planning across various stakeholders and government institutions, including state and local governments. As such, we applaud the state for taking leadership on this matter through the establishment of this pilot program. We believe it would be extremely beneficial to have the Department of Health work with the counties to tackle a pilot infrastructure project on an identified priority area, collaborate with stakeholders and homeowners, and provide much needed funding to convert cesspools. This pilot project can also serve as a template for future initiatives involving cesspool conversion efforts.

Additionally, we **respectfully request an effective date of November 1st, for Section 12** related to seller's disclosure. This will allow our organization time to update our Seller's Real Property Disclosure Statement and to educate our members on the required changes.

For the foregoing reasons, Hawai'i Association of REALTORS® strongly supports this measure. Mahalo for the opportunity to testify.



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

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

Re: **Hearing HB1396 HD2 RELATING TO CESSPOOLS.**

Hearing: Wednesday March 1, 2023, 10:00 a.m., room 308

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

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.

The Hawai'i Reef and Ocean Coalition STRONGLY SUPPORTS HB1396 HD2!

Hawai'i has a significant public health and environmental problem with water pollution from cesspools. We have over 80,000 cesspools that discharge about 50 million gallons of raw sewage into our groundwater every day! This discharge exposes people to sewage pathogens that can make them sick. The release of nutrients from cesspools causes algae growth, which can smother the corals that are essential to protecting our shorelines, nurturing our fisheries, 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. The recent report of the legislatively-appointed Cesspool Conversion Working Group recommended that Hawai'i upgrade the cesspools that cause the most pollution (Priority Level 1) by 2030.

A good way to eliminate some cesspools is to connect them to extended county or other central sewer systems (located relatively near to the cesspools). This bill would provide funding (amount as yet unspecified) for pilot programs within DOH, working with each county, to eliminate cesspools by identifying a priority area to connect cesspool properties to expanded county or other centralized sewer systems. This bill would enhance public health and water quality by improving State-county coordination, planning, and preparation to eliminate some cesspools by expanding sewers.

This bill also would help facilitate conversion of cesspools in three other ways:

- By appropriating funds (amount not yet specified) to create a Cesspool Conversion Section within the DOH Wastewater Branch (as recommended by the Cesspool Conversion Working Group) with an as-yet unspecified number of FTE positions;
- Re-establishing the expired cesspool conversion State income tax credit; and
- Requiring that sellers of properties with cesspools disclose material facts about the cesspool(s) to home buyers, including when the cesspool(s) must be upgraded, converted or connected by law, and the priority level of the cesspool(s) according to the Hawai'i Cesspool Hazard Assessment and Prioritization Tool.

The Hawai'i Reef and Ocean Coalition urges the Finance Committee to:

- 1. Amend the bill by appropriating funds for the DOH to establish the pilot programs, working with each county, to prioritize where to expand the municipal or other central sewer in each county (the original bill included \$10,000,000 per year for this); and**
- 2. Establish two full-time equivalent (FTE) positions within the DOH Cesspool Conversion Section for fiscal year 2023-2024 and two additional FTEs for fiscal year 2024-2025 and appropriate the necessary funding.**

Thanks to the Committee for hearing this important bill! Please pass this bill with the above funding amendments!

Mahalo!

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

HB-1396-HD-2

Submitted on: 2/28/2023 8:31:36 AM

Testimony for FIN on 3/1/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
R ACulbertson	Big Island Reef Keepers hui	Comments	Written Testimony Only

Comments:

Aloha Representatives!

Yes! WE need to get going on cesspool conversions. Let's make this bill even better as per:

1. Amend the bill by appropriating funds for the DOH to establish the pilot programs, working with each county, to prioritize where to expand the municipal or other central sewer in each county (the original bill included \$10,000,000 per year for this); and
2. Establish two full-time equivalent (FTE) positions within the DOH Cesspool Conversion Section for fiscal year 2023-2024 and two additional FTEs for fiscal year 2024-2025 and appropriate the necessary funding.

Once the funding gets the ball rolling we can believe the state is finally serious. Let's do this!

Mahalo nui loa!



Feb. 28, 2023

In Support of **HB1396 HD2** Relating to Cesspools
House Committee on Finance (FIN)
Hearing on March 1st, 10:00am, Rm. 308

Aloha, Chair Yamashita, Vice-Chair Kitigawa and Members of the Committee:

On behalf of the non-profit WAI: Wastewater Alternatives & Innovations, I am writing in **support of HB1396 HD2**. Part I of this bill will establish a pilot program within the Dept. Of Health (DOH) to work with each county to identify a priority area and fund pilot projects to expand the county sewage system or create a decentralized treatment system to connect individual properties in the priority area and reduce or eliminate cesspools in the identified area. Part II of the bill will appropriate funds to DOH to create a new Cesspool Conversion section in the Wastewater Branch. Part III will create a tax credit to help homeowners with the cost of converting their cesspools. Each of these Parts of the bill represent the top priorities of the Cesspool Conversion Working Group..

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! The people of Hawaii need this law to make sure their wastewater systems aren't polluting the groundwater or nearby surface waters. As a member of the State's Cesspool Conversion Working Group over the last four years, we believe that this bill's three parts represent our top priorities in helping the state and counties be successful in fulfilling the mandate under Act 125 to convert all cesspools. Hawaii was the last state to ban these substandard systems by more than three decades.

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. Better sanitation systems reduce sewage 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. WAI is working with federal, state and county agencies and innovative sanitation companies from across the country to introduce more efficient and affordable alternatives for wastewater management. This bill will provide the necessary planning and funding to create the kind of community-scale pilot projects 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



February 28, 2023

TESTIMONY in SUPPORT OF HB1396 HD2

Dear Finance Committee,

I am writing on behalf of my organization, the Coral Reef Alliance, in support of HB1396 HD2. There are approximately eighty-eight thousand cesspools in the State, which collectively release more than fifty-three million gallons of untreated sewage into the ground each day and enters our fragile ecosystem. Hawaii relies on groundwater for ninety per cent of its drinking water and our nearshore waters that receive this pollution provide vast economic benefits to Hawaii's residents and visitors alike through ecosystem services.

The financing of home improvements such as converting cesspool systems is a huge hurdle and finding a creative solution will benefit both our environment and public health. Innovative bills like HB1396 HD2 provides a way to establish a county cesspool pilot program within DOH to work with each county to identify and prioritize and expand wastewater treatment, facilitate conversion of cesspools, and appropriates funds for positions. It also establishes an income tax credit for the cost of upgrading or converting a qualified cesspool to a director of health-approved wastewater system or connecting to a sewerage system, and requires certain information regarding cesspools on real property to be included in seller mandatory disclosures for real property transactions.

Now, more than ever, we need to restore public trust by taking care of both our waters and people's health and well-being. Our beloved island home needs this. Thank you for your bold and innovative and strong leadership in supporting HB1396 HD2 and for all that you do in protecting our island home.

Sincerely,

A handwritten signature in black ink that reads "Manuel Mejia".

Manuel Mejia

Regional Program Director
Hawaii Islands Program (CORAL)
mmejia@coral.org

HB-1396-HD-2

Submitted on: 2/27/2023 5:25:15 PM

Testimony for FIN on 3/1/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Gerard Silva	Individual	Oppose	Written Testimony Only

Comments:

Stop the Bull Shit the People Now Knowthis is all alot of Crap. Cesss pools were never the Problem the Greedy Government is the Problem. Always looking for ways to Rip of the People!!!!

HB-1396-HD-2

Submitted on: 2/28/2023 9:07:42 AM

Testimony for FIN on 3/1/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Cynthia Punihaole Kennedy	Individual	Support	Written Testimony Only

Comments:

I strongly support HB 1396.

HB-1396-HD-2

Submitted on: 2/28/2023 9:49:47 AM

Testimony for FIN on 3/1/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Carissa Cabrera	Individual	Support	Written Testimony Only

Comments:

Aloha committee leadership,

Access to clean, freshwater is a human right. Our lack of investment in cesspoll maintence and infrastructure is resulting in water pollution that threatens the health of our communities. I am testifying in strong support of HB1396 to ensure that the cesspools in Hawai‘i are upkept to prevent water pollution to our neighbors and keiki.

With aloha,

Carissa Cabrera

HB-1396-HD-2

Submitted on: 2/28/2023 10:50:16 AM

Testimony for FIN on 3/1/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Wesley	Individual	Support	Written Testimony Only

Comments:

Dear, Chair Yamashita, Vice-Chair Kitigawa and Members of the Committee:

I am writing as an Upcountry Maui citizen in strong support of this bill. The time is now to begin phasing out cesspools in Hawaii, and especially in Upcountry Maui where a report showed significant nitrogen contamination in groundwater. Some measurements were approaching 10 mg/liter; levels that can cause serious negative health impacts such as "blue baby syndrome". This is completely unacceptable. I believe that the Upcountry communities should be connected to a regional wastewater treatment plant or advanced on site disposal systems as soon as possible. Many of my neighbors disagree, citing costs of conversion as the reason for delays, but the costs to the health of the community are more important. I think the state and county should help residents with expensive conversions, but this should not delay action any further. Creating a cesspool conversion branch within DOH is a step in the right direction, and pilot priority areas are as well. This all should've happened a decade ago, but we're here now, so please do the right thing for the community, and pass this important legislation.

Sincerely

Wesley Crile

Makawao Resident

Feb. 28, 2023

In Support of **HB1396 HD2** Relating to Cesspools
House Committee on Finance (FIN)
Hearing on March 1st, 10:00am, Rm. 308

Aloha, Chair Yamashita, Vice-Chair Kitigawa and Members of the Committee:

I am writing in support of HB1396 HD2.

Part I of this bill will establish a pilot program within the Dept. Of Health (DOH) to work with each county to identify a priority area and fund pilot projects to expand the county sewage system or create a decentralized treatment system to connect individual properties in the priority area and reduce or eliminate cesspools in the identified area. Part II of the bill will appropriate funds to DOH to create a new Cesspool Conversion section in the Wastewater Branch. Part III will create a tax credit to help homeowners with the cost of converting their cesspools. Each of these Parts of the bill represent the top priorities of the Cesspool Conversion Working Group.

Thank you for the opportunity to testify on this measure.

Christopher Shuler
Haiku, HI 96708

