
A BILL FOR AN ACT

RELATING TO CESSPOOL CONVERSIONS.

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

1 SECTION 1. The legislature finds that cesspools are a
2 source of pollution that threatens the health of Hawaii's people
3 and environment. In response to the State's cesspool pollution
4 problem, legislation was enacted in 2017 that requires all
5 cesspools not excluded by the director of health to be upgraded
6 or converted to director of health-approved wastewater systems
7 or connected to sewerage systems by January 1, 2050.

8 The legislature further finds that the large upfront costs
9 of cesspool conversions prevent many cesspool owners from
10 addressing systems that contribute to the daily release of
11 untreated sewage. It is in the public interest to explore non-
12 traditional financing mechanisms to accelerate cesspool
13 conversions and provide Hawaii's homeowners with additional
14 financing options, especially for those not able to qualify for
15 bank and credit union financing at reasonable rates and terms.

16 The purpose of this Act is to:



1 (1) Establish and appropriate funds for a cesspool
 2 conversion revolving loan fund and direct the Hawaii
 3 green infrastructure authority to establish a cesspool
 4 conversion financing program to provide low-interest
 5 or forgivable loans for eligible households to upgrade
 6 or convert existing cesspools in all counties to
 7 director of health-approved wastewater systems or
 8 connect properties with existing cesspools to sewerage
 9 systems; and

10 (2) Allow the department of health, through a memorandum
 11 of agreement, to annually transfer funding available
 12 from the water pollution control revolving fund to
 13 capitalize the cesspool conversion financing program.

14 SECTION 2. Chapter 196, Hawaii Revised Statutes, is
 15 amended by adding a new section to part IV to be appropriately
 16 designated and to read as follows:

17 "§196- Cesspool conversion revolving loan fund;
 18 cesspool conversion financing program. (a) There is
 19 established in the state treasury the cesspool conversion
 20 revolving loan fund, which shall be administered by the



1 authority. Funds deposited into the cesspool conversion

2 revolving loan fund shall include:

3 (1) Moneys appropriated by the legislature;

4 (2) Funds from federal, state, county, private, or other

5 funding sources, including funds from the department

6 of health under section 342D-83;

7 (3) Moneys received as repayment of loans and interest

8 payments; provided that the repayment of loans and

9 interest payments under this paragraph shall not

10 include repayment of loans and interest collected as a

11 result of funds advanced from proceeds of the green

12 energy market securitization bonds, clean energy and

13 energy efficiency revolving loan fund, solar

14 photovoltaic and energy storage loan program, or

15 condominium loan program; and

16 (4) Any fees collected by the authority under this

17 section; provided that moneys collected as a result of

18 the funds advanced from proceeds of the green energy

19 market securitization bonds, clean energy and energy

20 efficiency revolving loan fund, solar photovoltaic and

21 energy storage loan program, and condominium loan



1 program shall be kept separate from fees collected as
2 a result of funds advanced from proceeds of the
3 cesspool conversion revolving loan fund.

4 (b) Moneys in the cesspool conversion revolving loan fund
5 shall be used to administer the cesspool conversion financing
6 program to provide low-interest loans or other authorized
7 financial assistance, including forgivable loans, to eligible
8 households, with a preference for low- and moderate-income
9 households, to upgrade or convert existing cesspools in all
10 counties to director of health-approved wastewater systems or
11 connect properties with existing cesspools to sewerage systems
12 on terms approved by the authority. Moneys from the fund may be
13 used to cover administrative and legal costs of fund management
14 and management associated with individual loans, which include
15 personnel, services, technical assistance, data collection and
16 reporting, materials, equipment, and travel for the purposes of
17 this section.

18 (c) Funds appropriated or authorized from the cesspool
19 conversion revolving loan fund shall be expended by the
20 authority. The authority may contract with other public or
21 private entities for the provision of all or a portion of the



1 services necessary for the administration and implementation of
2 the cesspool conversion financing program. The authority may
3 set fees or charges for fund management and technical site
4 assistance provided under this section.

5 (d) All interest earned on the loans, deposits, or
6 investments of the moneys in the fund shall become part of the
7 cesspool conversion revolving loan fund.

8 (e) The authority may establish subaccounts within the
9 cesspool conversion revolving loan fund as necessary.

10 (f) The authority may adopt rules pursuant to chapter 91
11 or publish cesspool conversion financing program guidelines to
12 carry out the purposes of this section.

13 (g) Except as otherwise provided by law, expenditures from
14 the cesspool conversion revolving loan fund, including
15 administrative expenditures, may be made by the authority
16 without appropriation by the legislature or allotment; provided
17 that no expenditure shall be made from and no obligation shall
18 be incurred against the fund in excess of the amount standing to
19 the credit of the fund or for any purpose for which the fund may
20 not lawfully be expended. Nothing in sections 37-31 to 37-41



1 shall require the proceeds of the cesspool conversion revolving
2 loan fund to be reappropriated annually."

3 SECTION 3. Section 196-64, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§196-64 Functions, powers, and duties of the authority.**

6 (a) In the performance of, and with respect to the functions,
7 powers, and duties vested in the authority by this part, the
8 authority, as directed by the director and in accordance with a
9 green infrastructure loan program order or orders under section
10 269-171 or an annual plan submitted by the authority pursuant to
11 this section, as approved by the commission for the green
12 infrastructure loan program, may:

- 13 (1) Make loans and expend funds to finance the purchase or
14 installation of green infrastructure equipment for
15 clean energy technology, demand response technology,
16 and energy use reduction and demand side management
17 infrastructure, programs, and services;
- 18 (2) Hold and invest moneys in the green infrastructure
19 special fund in investments as permitted by law and in
20 accordance with approved investment guidelines



- 1 established in one or more orders issued by the
2 commission pursuant to section 269-171;
- 3 (3) Hire employees necessary to perform its duties,
4 including an executive director. The executive
5 director shall be appointed by the authority, and the
6 employees' positions, including the executive
7 director's position, shall be exempt from chapter 76;
- 8 (4) Enter into contracts for the service of consultants
9 for rendering professional and technical assistance
10 and advice, and any other contracts that are necessary
11 and proper for the implementation of the loan program;
- 12 (5) Enter into contracts for the administration of the
13 loan program, without the necessity of complying with
14 chapter 103D;
- 15 (6) Establish loan program guidelines to be approved in
16 one or more orders issued by the commission pursuant
17 to section 269-171 to carry out the purposes of this
18 part;
- 19 (7) Be audited at least annually by a firm of independent
20 certified public accountants selected by the



1 authority, and provide the results of this audit to
2 the department and the commission; and

3 (8) Perform all functions necessary to effectuate the
4 purposes of this part.

5 (b) The authority shall submit to the commission an annual
6 plan for the green infrastructure loan program for review and
7 approval no later than ninety days prior to the start of each
8 fiscal year. The annual plan submitted by the authority shall
9 include the authority's projected operational budget for the
10 succeeding fiscal year.

11 (c) In the performance of the functions, powers, and
12 duties vested in the authority by this part, the authority shall
13 administer the clean energy and energy efficiency revolving loan
14 fund pursuant to section 196-65.5 and may:

15 (1) Make loans and expend funds to finance the purchase or
16 installation of clean energy technology and services;

17 (2) Implement and administer loan programs on behalf of
18 other state departments or agencies through a
19 memorandum of agreement and expend funds appropriated
20 to the department or agency for purposes authorized by
21 the legislature;



- 1 (3) Utilize all repayment mechanisms, including the green
2 energy money saver on-bill program, financing tools,
3 servicing and other arrangements, and sources of
4 capital available to the authority;
- 5 (4) Exercise powers to organize and establish special
6 purpose entities as limited liability companies under
7 the laws of the State;
- 8 (5) Acquire, hold, and sell qualified securities;
- 9 (6) Pledge unencumbered net assets, loans receivable,
10 assigned agreements, and security interests over
11 equipment financed, as collateral for the authority's
12 borrowings from federal, county, or private lenders or
13 agencies;
- 14 (7) Utilize the employees of the authority, including the
15 executive director;
- 16 (8) Enter into contracts for the service of consultants
17 for rendering professional and technical assistance
18 and advice and any other contracts that are necessary
19 and proper for the implementation of the loan fund
20 program;



- 1 (9) Enter into contracts for the administration of the
2 loan fund program exempt from chapter 103D;
- 3 (10) Establish loan fund program guidelines;
- 4 (11) Be audited at least annually by a firm of independent
5 certified public accountants selected by the authority
6 and provide the results of the audit to the department
7 and legislature; and
- 8 (12) Perform all functions necessary to effectuate the
9 purposes of this part.
- 10 (d) In the performance of the functions, powers, and
11 duties vested in the authority by this part, the authority shall
12 administer the cesspool conversion revolving loan fund and
13 cesspool conversion financing program pursuant to section
14 196- and may:
- 15 (1) Make loans and expend funds to finance the upgrade or
16 conversion of existing cesspools in all counties to
17 director of health-approved wastewater systems or
18 connection of properties with existing cesspools to
19 sewerage systems;
- 20 (2) Implement and administer the cesspool conversion
21 financing program with funding available under section



- 1 342D-83 provided by the department of health on an
2 annual basis through a memorandum of agreement and
3 expend funds appropriated to the department for
4 purposes authorized by the legislature;
- 5 (3) Utilize all repayment mechanisms, financing tools,
6 servicing and other arrangements, and sources of
7 capital available to the authority;
- 8 (4) Utilize the employees of the authority, including the
9 executive director;
- 10 (5) Enter into contracts for the service of consultants
11 for rendering professional and technical assistance
12 and advice and any other contracts that are necessary
13 and proper for the implementation of the cesspool
14 conversion financing program;
- 15 (6) Enter into contracts for the administration of the
16 cesspool conversion financing program that are exempt
17 from chapter 103D;
- 18 (7) Establish guidelines for the cesspool conversion
19 financing program;
- 20 (8) Be audited at least annually by a firm of independent
21 certified public accountants selected by the authority



1 The sum appropriated shall be expended by the Hawaii green
2 infrastructure authority for the purposes of this Act.

3 SECTION 6. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 7. This Act shall take effect on July 1, 3000.



Report Title:

HGIA; Cesspool Conversion Financing Program; Cesspool Conversion Revolving Loan Fund; Appropriation

Description:

Establishes and appropriates funds for a cesspool conversion revolving loan fund, to be administered by the Hawaii Green Infrastructure Authority, to provide financial assistance, including low-interest or forgivable loans, to eligible homeowners for the upgrade, conversion, or connection of cesspools. Effective 7/1/3000. (HD1)

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

