

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

H.B. 786 , RELATING TO SOLID WASTE

**Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Acting Director of Health**

**February 3, 2011
3:30 P.M.**

1 **Department's Position:** The Department of Health strongly supports this bill.

2 **Fiscal Implications:** Increase solid waste program funding from approximately \$500,000 annually to
3 approximately \$800,000 annually.

4 **Purpose and Justification:** The purpose of this bill is to increase the solid waste management
5 surcharge from 35 cents per ton to 55 cents per ton, and expand the solid waste management surcharge
6 to also apply to waste-to-energy facilities and facilities that prepare waste for final disposition outside
7 the state of Hawaii.

8 The department supports the changes proposed by this bill because they will help us address a
9 severe revenue shortfall affecting our solid waste regulatory program as well as adapt to the changing
10 waste management field.

11 Increasing the solid waste management surcharge

12 The solid waste management surcharge is the main funding source for the department's solid
13 waste regulatory program. The current surcharge is 35 cents per ton and is applied to landfills and
14 incinerators, including H-Power. It was instituted in 1993 at a rate of 25 cents per ton and increased to
15 35 cents per ton in 1997. Current revenue is approximately \$525,000 annually based on 1.5 million tons

1 of landfilled and incinerated waste. Current program expenses exceed \$600,000 and are expected to
2 increase in the future. Over the years the program has been able to maintain operations through savings
3 from vacant positions. However, recent reductions in force have reduced positions by 25% and have
4 forced the “borrowing” of personnel from other programs to maintain service levels. Increasing the
5 surcharge to 55 cents per ton will allow the department to maintain current services while still
6 “borrowing” personnel. We project revenue of approximately \$900,000 annually to fully fund program
7 operations. This level of funding equates to a surcharge of 65 cents per ton and would enable the
8 program to fully fund current positions and maintain services for the long term. Expansion of program
9 activities beyond this level would require additional funding.

10 Expansion of the surcharge

11 The proposed expansion of the surcharge to apply to WTE and facilities that prepare waste for
12 out of state disposal is focused on adapting to the evolving state of waste management and not an effort
13 to increase revenue. The current surcharge is assessed on disposal facilities, namely landfills and
14 incinerators.

15 The department is aware of waste-to-energy facilities that are proposing to use new technologies
16 that the current solid waste management surcharge will not apply to. The past year has also seen
17 attempts to operate a facility that prepared waste for out of the state disposal. Both of these types of
18 facilities would avoid the solid waste management surcharge as it is currently structured. Upon in
19 operation, each of these types of facilities would divert waste from existing facilities which are subject
20 to the surcharge. This would result in decreased program revenue along with the increased workload
21 associated with the permitting and monitoring of the new facilities.

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

23

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DEPARTMENT OF ENVIRONMENTAL SERVICES
CITY AND COUNTY OF HONOLULU

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DEPUTY DIRECTOR

IN REPLY REFER TO:
WAS 11-16

February 1, 2011

The Honorable Hermina M. Morita, Chair
and Members of the Committee on Energy
and Environmental Protection
House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chair Morita and Members:

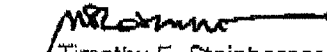
Subject: House Bill 786, Relating to Solid Waste

The City and County of Honolulu's Department of Environmental Services has concerns regarding House Bill 786, relating to solid waste.

This bill would increase the solid waste management surcharge rate from \$0.35 per ton to \$0.55 per ton. It is unclear what additional need for funds exists in managing the State's solid waste management program, but that need should be clearly identified before moving to increase the rate. Increasing the rate negatively affects all residents of the state as this is a pass through cost whether solid waste is disposed of by a private company or by a government entity. This would require increasing rates and/of taxes to support the higher rate.

We encourage the Committee to look further at the actual need for additional funds before proceeding with House Bill 786, relating to solid waste.

Sincerely,


Timothy E. Steinberger, P.E.
Director