

HB 786
HD2, SD1

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



LORETTA J. FUDDY, A.C.S.W., M.P.H.
DIRECTOR OF HEALTH

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

In reply, please refer to:
File:

SENATE COMMITTEE ON WAYS AND MEANS
H.B. 786, H.D.2, S.D.1 , RELATING TO SOLID WASTE

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

March 30, 2011
9:30 A.M.

1 **Department's Position:** The Department of Health 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 existing solid waste management
5 surcharge from 35 cents per ton to 75 cents per ton.

6 The department supports the changes proposed by this bill because they will help us address a
7 severe revenue shortfall affecting our solid waste regulatory program.

8 The department has met with stakeholders, in a meeting organized by the Senate Committee on
9 Health, to discuss the department's funding issues. We are continuing our work with the committee in
10 developing alternative funding mechanisms and request the support of this committee to approve this
11 draft so that we may continue discussions.

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

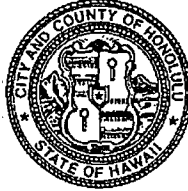
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DEPARTMENT OF ENVIRONMENTAL SERVICES
CITY AND COUNTY OF HONOLULU

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DEPUTY DIRECTOR

IN REPLY REFER TO:
WAS 11-55

March 29, 2011

The Honorable David Y. Ige, Chair
and Members of the Committee on Ways and Means
State Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chair Ige and Members:

Subject: House Bill 786, HD2, SD1, Relating to Solid Waste

The City and County of Honolulu's Department of Environmental Services continues to have significant concerns regarding House Bill 786, HD2, SD1, relating to solid waste.

This bill would increase the solid waste management surcharge rate from \$0.35 per ton to \$0.75 per ton in the proposed SD1. As we have consistently testified, 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. For example, the SD1 proposal would require the City and County of Honolulu to increase its budget by approximately \$198,000 for FY2012, more than doubling the current amount.

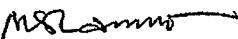
The written intent of the bill is to "promote the public health", but it is clear that the bill is to "reduce the general fund subsidy for the program". We question the appropriateness of using a surcharge to pay for a regulatory service where the regulated agency, for example the City, is expected to pay for being regulated. It is clearly more appropriate for regulatory functions, if required, to be financed by the State and not by the entities being regulated. If such regulatory functions are not important enough to fund from general revenues, perhaps they are not necessary. Using this surcharge to pay the full cost of a regulatory activity sets the stage for other regulatory entities to assess fees to pay for their expenses.

It is unclear from the bill what additional need for funds exists in managing the State's solid waste management program, but such need should be clearly identified and prioritized with other State general funded activities.

The Honorable Josh Green, M.D., Chair
The Honorable Will Espero, Chair
March 29, 2011
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We urge the committee not to pass SCR 124 and to leave such determinations to the City and County of Honolulu and the other counties.

Sincerely,


for Timothy E. Steinberger, P.E.
Director

GOODSILL ANDERSON QUINN & STIFEL

A LIMITED LIABILITY LAW PARTNERSHIP LLP

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TO: Senator David Y. Ige
Chair, Committee on Ways & Means
Hawaii State Capitol, Room 216
Via Email: 'WAMTestimony@Capitol.hawaii.gov'

FROM: Gary M. Slovin

DATE: March 29, 2011

RE: H.B. 786, H.D.2, S.D.1 – Relating to Solid Waste
Hearing: Wednesday, March 30, 2011 at 9:30 a.m., Room 211

Dear Chair Ige and Members of the Committee on Way and Means:

I am Gary Slovin, submitting comments on behalf of PVT Land Company, the owner and operator of the PVT Construction and Demolition Landfill (“PVT”) in Nanakuli. PVT owns and operates Oahu’s only landfill for the disposal of construction and demolition debris.

PVT **opposes** H.B. 786, H.D. 2, S. D. 1, relating to solid waste. This bill proposes to increase the solid waste management surcharge from 35 cents to 70 cents per ton of solid waste.

PVT is strongly opposed to any increase in the solid waste management surcharge. PVT operates Oahu’s construction and demolition landfill. If the surcharge is increased, it will have to be passed on to contractors, which will raise the cost of all construction projects.

The increase in the surcharge will increase the cost of disposal at every legal landfill in the State. Any increase in the cost of disposing waste at legal landfills encourages disposing of waste at illegal landfills, already a significant issue even at present rates.

The State’s long-term waste and energy goals can not be achieved unless there is a consistent government effort to support them. Increasing the surcharge undermines the achievement of these goals.

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PVT notes that it has been working with various stakeholders regarding a proposed draft of this measure, and is hopeful that a compromise between the interested parties can be reached.

However, as currently drafted and proposed to be implemented by the Department of Health, the surcharge is simply a tax on legal landfills. For these reasons, PVT opposes this bill.