

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

In reply, please refer to:
File:

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

S.B. 1132, S.D.1, RELATING TO SOLID WASTE

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

March 12, 2013
8:30 a.m.

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

2 **Fiscal Implications:** Increase annual revenue from approximately \$500,000 to \$1,300,000.

3 **Purpose and Justification:** The purpose of this bill is to modify, and increase, the existing solid waste
4 management surcharge so that it applies to waste-to-energy facilities and facilities that prepare waste for
5 disposal outside the state of Hawaii.

6 The changes proposed in this bill will help the department address at least two pressing issues for its
7 solid waste regulatory program.

8 First, and foremost, is to provide adequate funding for the solid waste program. The surcharge is the
9 program's primary funding source and is applied to waste being deposited in the state's landfills and sole
10 incinerator. It was instituted in 1994 at 25 cents per ton and raised to 35 cents per ton in 1997. There has
11 been no increase in 16 years despite a growing workload for the program, the loss of 25% of positions due to
12 the 2009 Reduction-In-Force, and the loss of the program's general funds. Current annual revenues of
13 approximately \$500,000 are exceeded by staffing costs alone which are in excess of \$700,000. Total
14 program costs are approximately \$1.2 million. The program has maintained operations through savings from
15 vacancies, furloughs, salary reductions, reduced services and through the diversion of resources from other
16 programs. Despite these efforts fund balances are approaching critically low levels. The surcharge rate(s)

Promoting Lifelong Health & Wellness

1 needs to be set to meet this minimum funding level so that the department can continue operating the solid
2 waste program at its already reduced staffing and service levels. It should be noted that even if funding
3 levels are increased to \$1.2 million, the department would still lack the resources to conduct some mandated
4 activities such as revising the state's solid waste management plan. The situation is now more urgent since
5 our initial request in 2011.

6 The proposed surcharge tiers also address the evolving waste management field and its changing
7 technologies. For example, the department is aware of waste-to-energy facilities that are proposing to use
8 new technologies that the current solid waste management surcharge would not apply to. The recent past has
9 also seen attempts to ship waste out of state for disposal. The department feels that it is appropriate that the
10 surcharge be modified to apply to these facilities as they are permitted and regulated by the solid waste
11 program.

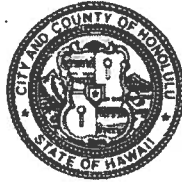
12 Our goal is to create social and physical environments that promote and support good health for all.

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

DEPARTMENT OF ENVIRONMENTAL SERVICES
CITY AND COUNTY OF HONOLULU

1000 ULUOHIA STREET, SUITE 308, KAPOLEI, HAWAII 96707
TELEPHONE: (808) 768-3486 • FAX: (808) 768-3487 • WEBSITE: <http://envhonolulu.org>

KIRK CALDWELL
MAYOR



March 11, 2013

LORI M.K. KAHIKINA, P.E.
DIRECTOR

EDUARDO P. MANGLALLAN
DEPUTY DIRECTOR

ROSS S. TANIMOTO, P.E.
DEPUTY DIRECTOR

IN REPLY REFER TO:
WAS 13-55

The Honorable Chris Lee, Chair
and Members of the Committee on
Energy and Environmental Protection
House of Representatives
State Capitol
Honolulu, Hawaii 96813

The Honorable Della Au Belatti, Chair
and Members of the Committee on Health
House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chair Lee, Chair Belatti, and Members:

Subject: Senate Bill 1132, SD1, Relating to Solid Waste

Senate Bill 1132, SD1, Relating to Solid Waste, proposes to increase funding for the Department of Health's Solid Waste Management programs through increases in the solid waste management surcharge. The City and County of Honolulu's Department of Environmental Services encourages adequate funding for the Department of Health's Solid Waste Management programs, but does not support increasing the surcharge as the vehicle to fund the programs.

While adequate funding of the Department of Health's Solid Waste Management programs is important, we are concerned with funding these regulatory functions through fees on regulated activities rather than through use of State general funds. The fee based approach, based on volume of solid waste disposed, places the largest portion of the burden on the residents of the City and County of Honolulu which may not directly relate to the need for the services being funded. We recommend the committee re-evaluate the appropriate source of funding for these Department of Health programs during its consideration of this bill.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori M.K. Kahikina".

Lori M.K. Kahikina, P.E.
Director

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol website

March 12, 2013

TO: HONORABLE CHRIS LEE, CHAIR, HONORABLE CYNTHIA THIELEN
AND MEMBERS OF THE HOUSE COMMITTEE ON ENERGY AND
ENVIRONMENTAL PROTECTION

SUBJECT: **OPPOSITION TO S.B. 1132, S1, RELATING TO SOLID WASTE.** Increases the solid waste management surcharge to \$1.25 per ton of solid waste disposed of in landfills or shipped out-of-state; increases the solid waste management surcharge to 60 cents per ton of solid waste disposed of at waste-to-energy facilities that accept 150,000 tons or more of solid waste annually; provides for no surcharges to waste-to-energy facilities that accept less than 150,000 tons of solid waste annually and for ash disposed of in landfills that originates from a waste-to-energy facility; and defines "waste-to-energy facility". Effective 7/1/50. (SD1)

HEARING

DATE: Tuesday, March 12, 2013
TIME: 8:30 a.m.
PLACE: Room 325

Dear Chair Lee, Vice Chair Thielen and Members of the Committee:

The General Contractors Association (GCA) is an organization comprised of over six hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. The mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

GCA is in **opposition** to any increase that may not be warranted to meet specific Department of Health operating costs within the projected budget. The current bill is proposing an increase for the solid waste management surcharge" from its existing 35 cents per ton for solid waste disposed at a landfill or to an out of state facility. The bill also permits no surcharge for waste to energy facilities that accept less than 150,000 tons of solid waste annually and for ash. This bill proposes a \$0.90 increase per ton, which would calculate to more than what may be necessary to meet the expected \$600,000 for increasing program expenses for personnel and fringe costs.

GCA is strongly opposed to any increase in the solid waste management surcharge that may not be appropriate through the surcharge mechanism. There is concern that the more appropriate funding should be through the use of State general funds. It appears that the onetime increase of \$0.90 may not be necessary and that a smaller increase may be warranted. GCA's main concern is with how a proposed increased surcharge would be passed on to contractors and owners, which would in turn, raise the cost of all construction projects. Due to a number of significant

infrastructure projects that are expected, such as rail, shipyard maintenance, as well as commercial and residential building and renovation, it would be detrimental to the state's economic recovery to burden private and public projects with extra added taxes framed as surcharges. In today's economic situation, increasing construction costs will adversely affect economic recovery.

We are also very concerned about the sudden implementation of this increased cost for existing public works projects. Many of our members have existing contracts in place for which contractors had based their costs on the known disposal costs at the time of the bidding process. Any sudden increase in disposal costs after an award of the contract will lead to unanticipated cost increases to the contractors which may not be recovered from the owner.

This session a number of bills propose raising revenue to meet departmental shortfalls through increased fees or surcharges, which may not be the appropriate mechanism because the consumer is the one burdened with paying for the shortfall. Moreover, with the proposed increased fees for services and surcharges attached to specific department shortfalls, the burden is placed on the industry required through regulations to use those services. Some examples of such fee increase and surcharge increase measures include, but are not limited to, H.B. 480, assesses a surcharge for any land reclassification; S.B. 63, \$1 motor vehicle tire surcharge; S.B. 1131 establishes a tiered glass disposal fee; and H.B. 912 establishes filing fees to help fund operations of the Office of Environmental Quality Control, to name a few. These proposed surcharge and increased fees burdens the business community and ultimately, the consumer.

We respectfully request that this Committee hold S.B. 1132, SD1 for the reasons above. Thank you for the opportunity to provide testimony on this measure.