

# SB 2182

Measure Title: RELATING TO SOLID WASTE.

Report Title: Solid Waste; Disposal Surcharge

Description: Increases the solid waste management surcharge to \$1.25 per ton of solid waste disposed of in landfills or shipped out-of-state. Sets 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. Defines "waste-to-energy" facility.

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



GARY GILL  
ACTING DIRECTOR OF HEALTH

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

In reply, please refer to:  
File:

COMMITTEE ON ENERGY AND ENVIRONMENT  
COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND  
MILITARY AFFAIRS

S.B. 2182, RELATING TO SOLID WASTE

Testimony of Gary Gill  
Acting Director of Health

January 30, 2014; 2:50 p.m.

- 1 **Department's Position:** The Department of Health strongly supports this measure.
- 2 **Fiscal Implications:** Increase annual revenue from less than \$500,000 to approximately \$1,200,000,
- 3 with anticipated reduction over the years. Last year, we estimated revenue to be \$1.3M based on
- 4 disposal tonnage from FY10 to FY12. This year, we updated this estimate to \$1.2M based on FY13
- 5 disposal tonnage. The decrease in estimated revenue was caused by increased recycling and the
- 6 implementation of H-Power's third boiler, which diverted additional waste from the landfill.
- 7 **Purpose and Justification:** The purpose of this bill is to modify, and increase, the existing solid waste
- 8 management surcharge so that it applies to waste-to-energy facilities and facilities that prepare waste for
- 9 disposal outside the state of Hawaii.

10 The changes proposed in this bill will help the department address two immediate issues for its

11 solid waste regulatory program. First, and foremost, is to provide additional funding for the solid waste

12 regulatory program. The regulatory program primarily consists of two permitting engineers, three

13 inspectors, one supervising engineer, one planner and one office assistant for the entire state. Last year,

14 this program oversaw the management of over 2 million tons of waste, approximately 300 permitted

*Promoting Lifelong Health & Wellness*

1 facilities such as landfills, waste-to-energy and recycling facilities, managed nearly 200 complaints,  
2 issued nearly a 100 warning letters and 9 enforcement actions, and responded to over 900 public  
3 inquiries. Complaints received were mostly related to illegal dumping, including waste burial.

4 The surcharge is the program's primary funding source and is applied to waste being deposited  
5 in the state's landfills and sole incinerator. It was instituted in 1994 at 25 cents per ton and raised to 35  
6 cents per ton in 1997. There has been no increase in over 16 years despite a growing workload for the  
7 program, the loss of two regulatory positions due to the 2009 Reduction-In-Force, and the loss of the  
8 program's general funds. Current annual revenues of less than \$500,000 are exceeded by staffing costs  
9 alone, which are in excess of \$700,000 and will increase through 2017 with the negotiated salary  
10 increases. While total program costs are currently \$1.4 million, the program has maintained operations  
11 through savings from vacancies, furloughs, salary reductions, and reduced services. Despite these  
12 efforts, fund balances are approaching critically low levels. The surcharge rate(s) needs to be set to  
13 meet this minimum funding level so that the department can continue operating the solid waste program  
14 at its already reduced staffing and service levels. It should be noted that even if funding levels are  
15 increased to \$1.2 million, the department would still lack the resources to conduct some mandated  
16 activities such as revising the state's solid waste management plan. If no additional funding is provided,  
17 staffing and services will need to be reduced further as operational costs continue to rise.

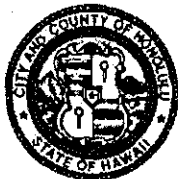
18 Second, the proposed surcharge tiers also address the evolving waste management field and its  
19 changing technologies. For example, the department is aware of waste-to-energy facilities that are  
20 proposing to use new technologies to which the current solid waste management surcharge does not  
21 apply. There have also been recent attempts to ship waste out of state for disposal. The department feels  
22 that it is appropriate that the surcharge be modified to apply to these facilities as they are permitted and  
23 regulated by the solid waste program.

24 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



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

TIMOTHY A. HOUGHTON  
DEPUTY DIRECTOR

ROSS S. TANIMOTO, P.E.  
DEPUTY DIRECTOR

IN REPLY REFER TO:  
WAS 14-11

January 29, 2014

The Honorable Mike Gabbard, Chair  
and Members of the Committee on  
Energy Environment  
The Honorable Will Espero, Chair  
and Members of the Committee on  
Public Safety, Intergovernmental and  
Military Affairs  
State Senate  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Gabbard, Chair Espero, and Members:

**SUBJECT: Senate Bill 2182, Relating to Solid Waste**

The City and County of Honolulu's Department of Environmental Services (ENV) supports adequate funding for the Department of Health's Solid Waste Management programs. Senate Bill (SB) 2182 proposes to increase funding for those programs through increases in the solid waste management surcharge.

While we are in full support of adequate funding of the Department of Health's (DOH) Solid Waste Management programs, we are concerned with funding these regulatory functions through fees on regulated activities rather than through use of State general funds. We would appreciate the committee evaluate the appropriate source of funding for these DOH 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", is written over a large, stylized, circular scribble or flourish.

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

# **BIA-HAWAII**

**BUILDING INDUSTRY ASSOCIATION**

THE VOICE OF THE CONSTRUCTION INDUSTRY

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**Testimony to the Senate Committees on Energy and Environment, and Public Safety,  
Intergovernmental and Military Affairs  
Thursday, January 30, 2014  
2:50 p.m.  
State Capitol - Conference Room 225**

## **SUBJECT: S.B. 2182 RELATING TO SOLID WASTE**

Dear Chairs Gabbard and Espero, and Vice-Chairs Ruderman and Baker, and members of the Committees:

My name is Gladys Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-HAWAII opposes S.B. 2182, which proposes to increase the solid waste management surcharge from \$.35 to \$1.25 per ton of solid waste disposed of in landfills or shipped out-of-state. The bill also establishes a new solid waste management surcharge to \$.60 per ton of solid waste disposed of at waste-to-energy facilities that accept 150,000 tons or more of solid waste annually.

We understand that the funds will be used by the State Department of Health to monitor landfills, implement education and training that is not currently funded the general fund. Funds generated from S.B. 2182 will be deposited into the Environmental Management Special Fund.

We are concerned that no justification is provided on how the increase in the fees (\$.90 per ton increase and the new \$.60 per ton surcharge) was calculated. Furthermore, there is no discussion on how the existing fees of \$.35 per ton are being utilized now.

Without some justification on the projected revenues and expenses based on existing programs, it is difficult to support any increase in the solid waste disposal surcharges. We are concerned that imposition of "user fees" will be used by agencies to pay for programs that should be funded through the general fund.

Based on the foregoing reasons, BIA-Hawaii opposes S.B. 2182.

Thank you for the opportunity to express our views on this matter.



**Testimony to the Senate Committee on Energy and Environment and Committee on Public  
Safety, Intergovernmental and Military Affairs  
Thursday, January 30, 2014 at 2:50 p.m.  
State Capitol - Conference Room 225**

**RE: SENATE BILL NO. 2182 RELATING TO SOLID WASTE**

Chairs Gabbard and Espero, and Vice Chairs Ruderman and Baker, and members of the committees:

The Chamber **opposes** S.B. 2182 which proposes to increase the solid waste management surcharge from \$.35 to \$1.25 per ton of solid waste disposed of in landfills or shipped out-of-state and establish a new solid waste management surcharge to \$.60 per ton of solid waste disposed of at waste-to-energy facilities that accept 150,000 tons or more of solid waste annually.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

We understand that the funds will be used by the State Department of Health to monitor landfills, education, and training that is not presently funded through an appropriation from the general fund. Funds will be deposited into the Environmental Management Special Fund.

Our concern is that there is no justification on how the increase in the funds (\$.90 per ton increase and the new \$.60 per ton surcharge) was calculated. Furthermore, there is no discussion on how the existing funds \$.35 are being used now.

Without some justification on the projected revenues and expenses based on existing programs, it is difficult to support any increase in the solid waste disposal surcharges. We are concerned that imposition of "user fees" will be used by agencies to pay for programs that should be funded through the general fund.

Thank you for the opportunity to express our views on this matter.

1065 Ahua Street  
Honolulu, HI 96819  
Phone: 808-833-1681 FAX: 839-4167  
Email: [info@gcahawaii.org](mailto:info@gcahawaii.org)  
Website: [www.gcahawaii.org](http://www.gcahawaii.org)



**GCA of Hawaii**

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol website

January 30, 2014

TO: HONORABLE MIKE GABBARD CHAIR, HONORABLE RUSSELL RUDERMAN AND MEMBERS OF THE SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

HONORABLE WILL ESPERO, CHAIR, HONORABLE ROSALYN BAKER, VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS.

SUBJECT: **OPPOSITION TO S.B. 2182, 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. Sets 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. Defines "waste-to-energy" facility.

HEARING

DATE: Thursday, January 30, 2014  
TIME: 2:50 p.m.  
PLACE: Room 225

Dear Chairs Gabbard and Espero, Vice Chairs Ruderman and Baker and Members of the Committees,

The General Contractors Association of Hawaii (GCA) is an organization comprised of over approximately 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 S.B. 2182 which proposes to increase the solid waste management surcharge by a significant amount, which will be absorbed by many companies that use the facility. GCA opposes 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 of 90 cents for the solid waste management surcharge, from its existing 35 cents to \$1.25 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.

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.

We respectfully request that this Committee defer S.B. 2182 for the reasons above. Thank you for the opportunity to provide testimony on this measure.



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Honolulu, HI 96819  
Phone: 808-833-1681 FAX: 839-4167  
Email: [info@gcahawaii.org](mailto:info@gcahawaii.org)  
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