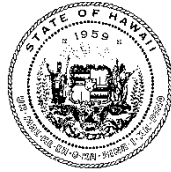


DAVID Y. IGE
GOVERNOR



DOUGLAS MURDOCK
Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
DOUGLAS MURDOCK, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS
ON
FEBRUARY 27, 2015

S.B. 498, S.D. 1

RELATING TO WASTE MANAGEMENT

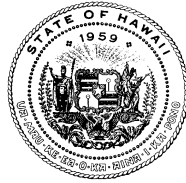
Chair Tokuda and members of the Committees, thank you for the opportunity to submit written testimony on S.B. 498, S.D. 1.

The Department of Accounting and General Services does not support S.B. 498, S.D.1. The proposed requirement for contractors to submit a receipt from a “permitted waste facility showing that waste was properly received and lawfully disposed of in an appropriate, permitted waste facility” as a condition for full or partial payment by the contracting agency creates an undue burden on the State or County contracting agency for enforcement.

Under some contracts, the State or County may have an obligation to make partial payments before the need for waste disposal. This bill would block partial payments until the contractor completes the waste disposal process.

In addition, if the contractor is willing to engage in improper disposal this bill will not stop the contractor. They could properly dispose of enough waste to submit a receipt and then improperly dispose of the remainder, or alternatively the contractor could submit waste disposal receipts from other projects in satisfaction of this requirement. Without an established chain-of-custody system in place, there is no means to track what a contractor does with construction waste once it is created. That is, there is no way to ensure that the receipt is directly related to waste from any specific project. Chain-of-custody logs are cumbersome, costly, and currently used solely for regulated and hazardous waste disposal.

Thank you for the opportunity to submit written testimony on this matter.



STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

Testimony COMMENTING on S.B. 498, S.D. 1
RELATING TO WASTE MANAGEMENT

SENATOR JILL TOKUDA, CHAIR
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date: February 27, 2015
Time: 1:00pm

Room Number: 211

1 **Fiscal Implications:** Unknown. Certain retailers of consumer goods may be required to
2 develop new payment/bill collection services. No funding is provided to enforce this measure.

3 **Department Testimony:** While the Department supports the original version of S.B. 498, the
4 Department is concerned about the new language in S.D. 1 because of its potential impact to the
5 commercial sector, conflict with existing law, and difficulty to enforce. The new proposed
6 language requires all contracts between private entities that include the disposal of waste to
7 include a provision that payment only be made upon proof the waste was lawfully disposed at a
8 permitted waste facility.

9 The sale of certain consumer goods, such as appliances, televisions, lead-acid batteries and tires
10 includes waste disposal service. We understand the purchase of this service constitutes a
11 "contract" and will require payment by the consumer after the waste is disposed at a permitted
12 facility. Because these services are currently paid at the time the new item is purchased, the
13 retailer will be required to develop a new payment/bill collection mechanism. In some instances,
14 such as in the case of tires, this proposed language conflicts existing statutes that require retailers
15 to charge for disposal at the time of purchase.

16 In addition, placement of this requirement in HRS 342H will require the Department to enforce
17 this measure. Because the State is not a party to the private contracts, the Department will have
18 no knowledge when private contracts are entered, and will inevitably delay implementation of
19 these contracts if identified and enforcement is warranted. Therefore, ensuring compliance with
20 this measure will be extremely difficult, and its impact on the commercial sector could be
21 significant. Additionally, parties to these contracts will be subject to the penalty provisions of
22 Chapter 342H. As a policy matter, the Department does not feel it should infringe on private
23 party's rights to contract.

1 Finally, the Department does not have the resources to enforce this measure. This measure
2 requires the solid waste program to regulate entities not currently regulated.

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

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

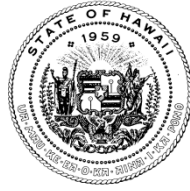
21

22

23

24

DAVID Y. IGE
GOVERNOR



FORD N. FUCHIGAMI
DIRECTOR

Deputy Directors
JADE T. BUTAY
ROSS M. HIGASHI
EDWIN H. SNIFFEN
DARRELL T. YOUNG

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

February 27, 2015
1:00 p.m.
State Capitol, Room 221

S.B. 498 SD1
RELATING TO WASTE MANAGEMENT

Senate Committees on Ways and Means

The Department of Transportation (DOT) **strongly supports** the Senate Draft One version of this bill, which would require all state or county agency contracts that include disposal of liquid or solid waste to provide a receipt that the waste was received and disposed of at a licensed facility before full or partial payment for those contractual services.

This bill recognizes that not all waste materials require disposal in a licensed facility and clarifies that this requirement only applies to waste that require disposal in a licensed facility.

Thank you for the opportunity to provide testimony.

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

February 27, 2015

TO: HONORABLE JILL TOKUDA, CHAIR, HONORABLE RON KOUCHI, VICE CHAIR, AND MEMBERS OF THE SENATE COMMITTEE ON WAYS AND MEANS

SUBJECT: **OPPOSITION TO S.B. 498, SD1, RELATING TO WASTE MANAGEMENT.** Beginning July 1, 2015, requires that all state and county agency contracts and private entity contracts that include disposal of liquid or solid waste that require disposal in a permitted waste facility to provide a receipt that the waste was received and disposed of at a permitted waste facility before payment is made for those contractual services. (SD1)

HEARING

DATE: Friday, February 27, 2015
TIME: 1:00 p.m.
PLACE: Capitol Room 211

Dear Chair Tokuda and Vice Chair Kouchi and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is writing to express grave concerns about S.B. 498, SD1, Relating to Waste Management.

The GCA is an organization comprised of over approximately 580 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.

S.B. 498, SD1 bill proposes to require that state and county agencies require proof of a dump receipt for liquid or solid waste from a permitted waste facility before payment is made for those contractual services in public works construction. Additionally, the SD1 version added language that would require that private owners include a provision in their contract that would mandate proof of a dump receipt for liquid or solid waste prior to payment being made.

While GCA understands the intent of this measure, GCA is opposed to this bill because (1) it will infringe on private contracts; (2) the proposed language will not resolve the issue of illegal dumping; and (3) it could interrupt in receipt of payments for public works. The more appropriate and proper way to address such activity would be to impose some type of penalty to hold those illegally dumping waste accountable. GCA recently worked with the Honolulu City Council on a bill that increased fines for illegal stockpiling and grading of material not properly permitted. **The penalty approach is the type of deterrent that will address the problem directly, instead of what this measure proposes to do.**

There are a number of reasons why requiring a dump receipt will not deter such illegal dumping, particularly because (1) receipts from a permitted waste facility can be altered and used to satisfy an agency's receipt requirement; (2) there is no way to enforce such receipt mechanism by the agency as it would have no way to confirm the materials were from the claimed project, especially if a contractor has multiple projects ongoing at the same time; and (3) the bill could potentially block a contractor from receiving payments until waste disposal process is complete, which does not always coincide with payment schedules.

For these reasons, we are requesting that this bill be deferred and another mechanisms to deter such illegal dumping be considered.

**LARRY JEFTS FARMS, LLC
PO BOX 27
KUNIA, HAWAII 96759
(808) 688-2892**

SB 498sd1, Relating to Waste Management
Senate WAM Committee
Friday, February 27, 2015
1:00 pm
Conference Room 211

Testimony by: Larry Jeffs
Position: Support

Chair Tokuda and Members of the Senate WAM Committee:

I am Larry Jeffs, owner and operator of Larry Jeffs Farms, LLC, which is part of our family-run business of farms on Oahu and Molokai, under the administrative umbrella of Sugarland Growers, Inc. We have more than 35 years of Hawaii farm experience on Molokai and Oahu.

The illegal disposal of liquid or solid waste is a problem for protection of Hawaii's soil and water resources.

SB 498sd1 proposes a mechanism that will make it harder for the illegal disposal of liquid or solid waste by requiring state, county and private entity contracts to require contractors to show evidence of receipt of such waste disposal to a permitted waste facility. Failure to show a receipt of proper disposal shall mean that the contractor will not receive full payment.

Please support this two-step solution to manage proper disposal of liquid or solid waste.

Thank you for the opportunity to present testimony.