

SB 703



STATE OF HAWAII
DEPARTMENT OF HEALTH
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Testimony COMMENTING on S.B. 703
RELATING TO SOLID WASTE

SENATOR MIKE GABBARD, CHAIR
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

SENATOR WILL ESPERO, CHAIR
SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY
AFFAIRS

Hearing Date: February 19, 2015
Hearing Time: 2:45 p.m.

Room Number: 225

- 1 **Fiscal Implications:** Increases solid waste disposal surcharge from 35 cents to \$1.25 for
- 2 landfills, and 60 cents for waste to energy (WTE) facilities, except WTE facilities less than
- 3 150,000 tons per year.

- 4 **Department Testimony:** We appreciate the intent of this measure but defer to the Governor's
- 5 Executive Budget request for the Department of Health's appropriation and personnel priorities.
- 6 The Department would also like to offer the following comments.

- 7 The solid waste management surcharge is the primary funding mechanism for the Department's
- 8 solid waste regulatory program that regulates solid waste management facilities, such as landfill,
- 9 WTE, recycling, composting, and waste treatment operations in the state. The surcharge is also
- 10 intended to support other mandated solid waste activities, such as solid waste planning, waste
- 11 minimization/diversion, lead-acid battery and tire recycling outreach, environmentally preferable
- 12 purchasing tracking, and leaf blower enforcement; however, these services have been eliminated
- 13 because of decreasing revenue over the last six years, and increasing programmatic costs. The
- 14 surcharge was last increased in 1997, and at 35 cents a ton, Hawaii has the lowest surcharge that
- 15 has been imposed by state regulatory programs.

1 Our current expenditure with reduced services and vacancy is about \$660,000, which is expected
2 to increase to \$860,000 by the end of FY 2017. The increase is due to personnel costs and the
3 need to fund indirect costs by FY 2016, which this program is not currently paying. With an
4 annual deficit of about \$200,000 to \$400,000 per year, we expect to be insolvent by FY 2017.

5 Based on 2014 disposal tonnage, with no additional WTE facilities, we anticipate that the
6 proposed revenue will increase from about \$475,000 to \$1.2M per year. This revenue will help
7 with current expenses, vacancy, and the return of many of the mandated but eliminated services.

8 The Department also offers the following amendments.

9 **Offered Amendments:** (1) Page 2, line 11: Delete “reduction.” The term adds ambiguity, as
10 transfer stations tend to compact waste, but not necessarily reduce the amount of waste. (2) Page
11 2, line 15: After “within the State that” insert “has already paid the surcharge on the waste
12 resulted in ash and.” The exemption on ash disposal should only apply to entities that already
13 paid the surcharge. Those that generate ash for disposal and has not yet paid for waste disposal
14 should still pay the surcharge. (3) Page 2, line 20 through page 3 line 3: Delete “; provided that
15 there shall be no surcharge for solid waste disposal of within the State at permitted waste-to-
16 energy facilities that accept less than 150,000 tons of solid waste annually.” This exemption was
17 initially included to accommodate a proposed waste to energy facility whose project financing
18 was endangered by the inclusion of the surcharge. The facility has not been constructed and we
19 understand that efforts to construct it have ceased. We, therefore, recommend that this
20 exemption be deleted. We note that 150,000 tons per year is greater than the municipal solid
21 waste disposal rates for most landfills in the state, including Waimanalo Gulch Sanitary landfill.
22 If all counties move to waste-to-energy, this exemption could cause the State to see significantly
23 less surcharge revenue than currently anticipating. (4) Amend HRS Ch. 342G-13 (4) to read:
24 “(4) Serve as the state solid waste management agency for compliance with the federal Resource
25 Conservation and Recovery Act of 1976 (42 United States Code section 6901 et seq.) and any
26 other federal or state law regarding solid waste; and”. (5) Amend HRS Ch. 342G-63 (c)(1) to
27 read: “(1) Partially fund the operating costs of the [~~program~~] department including its regulatory

1 functions and the development of waste reduction and diversion activities as mandated by
2 chapter 342G[;], 342H, and 342I;” The recommended amendments are a housekeeping measure
3 that will align funding authorization with a revised administrative organization.

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

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GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

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February 19, 2015

TO: HONORABLE MIKE GABBARD CHAIR, HONORABLE JOSH GREEN 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. 703, 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. Establishes a 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, February 19, 2015
TIME: 2:45 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. 703 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. 703 for the reasons above. Thank you for the opportunity to provide testimony on this measure.

From: mailinglist@capitol.hawaii.gov
To: [ENETestimony](#)
Cc: amybrinker@mac.com
Subject: *Submitted testimony for SB703 on Feb 19, 2015 14:45PM*
Date: Wednesday, February 18, 2015 10:24:35 PM

SB703

Submitted on: 2/18/2015

Testimony for ENE/PSM on Feb 19, 2015 14:45PM in Conference Room 225

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Amy Brinker | Individual | Support | No |

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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