



**STATE OF HAWAII
DEPARTMENT OF HEALTH**

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**Testimony COMMENTING on HB1684
RELATING TO SOLID WASTE MANAGEMENT**

REPRESENTATIVE NICOLE E. LOWEN, CHAIR
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Hearing Date: 2/4/2020 Room Number: 325

1 **Fiscal Implications:** (1) One percent (1%) of all general revenues collected by the State during
2 each fiscal year shall be deposited into a solid waste management research and development
3 special fund; and (2) Undetermined amount of appropriations made by the legislature to the
4 research and development special fund. This measure may impact the priorities identified in the
5 Governor's Executive Budget Request for the Department of Health's (Department)
6 appropriations and personnel priorities.

7 **Department Testimony:** The Department recognizes that owing to the State's small market
8 size and other environmental factors, developing technologies that can manage and address the
9 State's solid waste is a significant challenge. Establishing a solid waste management research
10 and development program using one percent of all general revenues could both foster new solid
11 waste management technologies and test solid waste management technologies developed on the
12 mainland for their local applicability.

13 The Department respectfully suggests that this program be administered by a public-
14 private partnership or quasi-public agency, which can be established and structured to oversee
15 this type of research and development program. The Department is suited to managing traditional
16 procurement and contracting processes but lacks the expertise and staff to operate a research and
17 development fund.

1 The Department also proposes that any licensing fees arising from the development of
2 new technologies from this program be deposited into the research and development special fund
3 to offset appropriations.

4 **Offered Amendments:** None.

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

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WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
ON
HOUSE BILL NO. 1684

**February 4, 2020
8:30 a.m.
Room 325**

RELATING TO SOLID WASTE MANAGEMENT

The Department of Budget and Finance (B&F) offers comments on the creation of the Solid Waste Management Research and Development Special Fund (SWMRDSF).

House Bill (H.B.) No. 1684 establishes the SWMRDSF under the administration of the Department of Health (DOH) to fund research and development programs that will assist in the State's management of solid waste; directs the Director of Finance to deposit one per cent of all general revenues collected by the State into the SWMRDSF, provided that the deposits are made at least once per fiscal quarter; directs DOH to submit biennial reports relating to the SWMRDSF to the Legislature; appropriates an unspecified amount of general funds into the SWMRDSF for FY 21; and appropriates an unspecified amount of special funds out of the SWMRDSF for FY 21 for research and development into solid waste management.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds

should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining.

Regarding H.B. No. 1684, B&F opposes dedicating general fund revenue to a specific purpose. Furthermore, it is not clear why this program cannot be implemented through the general fund appropriation process, and it is difficult to determine the clear link between the program and the source of revenue. For the committee's information, one per cent of FY 19 general fund revenues amounts to over \$79 million.

Thank you for your consideration of our comments.