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OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE**

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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**

TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 1682, H.D. 1

**March 2, 2022**

**1:00 P.M.**

**Via Videoconference**

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST NEXT LEVEL SOLUTIONS GROUP INC.

The Department of Budget and Finance (the "Department") offers the following comments on House Bill No. 1682, H.D. 1, which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Next Level Solutions Group Inc., a Hawaii corporation, in the development of a waste-to-energy facility pursuant to Part V, Chapter 39A, Hawaii Revised Statutes. The amount of the authorization is unspecified.

The Department would like to inform the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. Additionally, the Department would like to note that Senate Bill No. 2812 specifies that the State's allocation of the bond ceiling cap and all returned bond ceiling cap from the counties, shall be entirely used for housing related projects. Should the legislation be approved, all SPRBs subject to the bond ceiling cap will be prohibited from issuance by the Department for the next five years. Furthermore, House Bill No. 1829, H.D. 1, specifies

that the entire allocation of the state bond ceiling cap shall be used for housing related projects for the next six years provided that the allocations authorized, but not issued before July 1, 2022 shall not be affected. An authorization to issue a SPRB does not allocate the state bond ceiling. The allocation of the state bond ceiling is made at the closing of the bonds. Since the bill specifies that the entire state bond ceiling shall be used for housing related projects, all authorized and not issued SPRBs subject to the bond ceiling cap will be prohibited from issuance by the Department for the next six years regardless of the authorization received prior to July 1, 2022. For additional information, please consult our FAQ located at the following link:

<http://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf>.

Thank you for your consideration of our comments.



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THE HONORABLE SYLVIA LUKE, CHAIR  
THE HONORABLE KYLE T. YAMASHITA, VICE CHAIR  
HOUSE FINANCE COMMITTEE  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawai'i

March 2, 2022

RE: HB1682 HD1; RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST NEXT LEVEL SOLUTIONS GROUP INC.

Chair Luke, Vice Chair Yamashita, and members of the House Committee on Finance, Next Level Solutions Group Inc. ("NLSG") submits the following testimony in support of HB1682 HD1 that authorizes the issuance of special purpose revenue bonds to assist NLSG in developing a gasification waste to energy facility in Honolulu, Hawaii that will reduce pollutants in the air and land and reduce the amount of waste going into the landfill in comparison to H-Power, the older incinerator technology currently being used by the City and County of Honolulu that converts waste to electricity.

NLSG will supplement H-Power by being completely private through its focus on recycled waste, medical waste, and other waste being exported out of Oahu. We will process the waste into electricity in phase 1, and in later phases, we will also process the waste into building materials, fuels, and other byproducts. Our project will create more jobs and generate more capital within Hawaii's economy. As waste to energy technology improves over time, we will upgrade our facility to be more efficient environmentally and economically.

NLSG is requesting \$50 million in special purpose revenue bonds for this project. Should this bill pass the Hawaii State Legislature and Governor of Hawaii, NLSG will undergo review by financial institutions to qualify for the bonds. If approved, financial institutions will float the bonds in the market for investors to invest in. In turn, NLSG will pay back the bonds. Thank you for allowing us to testify in support of HB1682 HD1.

**HB-1682-HD-1**

Submitted on: 3/1/2022 4:07:25 PM

Testimony for FIN on 3/2/2022 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Danny Kim	Individual	Support	Yes

Comments:

THE HONORABLE SYLVIA LUKE, CHAIR

THE HONORABLE KYLE T. YAMASHITA, VICE CHAIR

HOUSE FINANCE COMMITTEE

Thirty-First State Legislature

Regular Session of 2022

State of Hawai'i

March 2, 2022

RE: HB1682 HD1; RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST

NEXT LEVEL SOLUTIONS GROUP INC.

Chair Luke, Vice Chair Yamashita, and members of the House Committee on Finance, My name is Danny Kim, as a member of Next Level Solutions Group Inc. ("NLSG") I submits the following testimony in support of HB1682 HD1 that authorizes the issuance of special purpose revenue bonds to assist NLSG in developing a gasification waste to energy facility in Honolulu, Hawaii that will reduce pollutants in the air and land and reduce the amount of waste going into the landfill in comparison to HPower, the older incinerator technology currently being used by the City and County of Honolulu that converts waste to electricity.

Mahalo

Danny Kim

**HB-1682-HD-1**

Submitted on: 3/1/2022 4:12:08 PM

Testimony for FIN on 3/2/2022 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Anthony Hong	Individual	Support	Yes

Comments:

THE HONORABLE SYLVIA LUKE, CHAIR

THE HONORABLE KYLE T. YAMASHITA, VICE CHAIR

HOUSE FINANCE COMMITTEE

Thirty-First State Legislature

Regular Session of 2022

State of Hawai'i

March 2, 2022

RE: HB1682 HD1; RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST

NEXT LEVEL SOLUTIONS GROUP INC.

Chair Luke, Vice Chair Yamashita, and members of the House Committee on Finance, My name is Anthony Hong, as a member and representative of Next Level Solutions Group Inc. ("NLSG") I submits the following testimony in support of HB1682 HD1 that authorizes the issuance of special purpose revenue bonds to assist NLSG in developing a gasification waste to energy facility in Honolulu, Hawaii that will reduce pollutants in the air and land and reduce the amount of waste going into the landfill in comparison to H-Power.

NLSG will supplement H-Power by being completely private through its focus on recycled waste, medical waste, and other waste being exported out of Oahu. We will process the waste into electricity in phase 1, and in later phases, we will also process the waste into other

byproducts. Our project will create more jobs, education opportunities, and generate more capital within Hawaii's economy.

Mahalo

Anthony Hong

THE HONORABLE SYLVIA LUKE, CHAIR  
THE HONORABLE KYLE T. YAMASHITA, VICE CHAIR  
HOUSE FINANCE COMMITTEE  
Thirty-First State Legislature  
Regular Session of 2022  
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March 2, 2022

RE: HB1682 HD1; RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST NEXT LEVEL SOLUTIONS GROUP INC.

Chair Luke, Vice Chair Yamashita, and members of the House Committee on Finance, Mihye Cortese, a translator for Next Level Solutions group (NLSG), submits the following testimony in support of HB1682 HD1 that authorizes the issuance of special purpose revenue bonds to assist NLSG in developing a gasification waste to energy facility in Honolulu, Hawaii that will reduce pollutants in the air and land and reduce the amount of waste going into the landfill in comparison to HPower.

NLSG will supplement H-Power by being completely private through its focus on recycled waste, medical waste, and other waste being exported out of Oahu. They will process the waste into electricity in phase 1, and in later phases, they will also process the waste into building materials, fuels, and other byproducts. This project will create more jobs and generate more capital within Hawaii's economy. As waste to energy technology improves over time, they will upgrade the facility to be more efficient environmentally and economically.

I believe this project will help Hawaii reduce environmental pollution and will protect the future residences of Hawaii. As an isolated island we need to be more aware of the potential impacts of waste on our environment and the potential health risks this waste can cause. I believe NLSG has an advanced technology that will achieve reduction in pollution but at the same time not creating another health hazard for our citizens.

As an immigrant from South Korea who is now a proud citizen of the United States and a resident of Hawaii, I fully support this technology that will benefit both countries. We need to use the best technology available to ensure our future.

I fully support NLSG receiving this bond. Mahalo for allowing me to testify in support of HB1682 HD1.