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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 SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1682, H.D. 1

April 5, 2022
10:15 A.M.
Room 211 and 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 House Bill No. 1829, H.D. 2, S.D. 1, and Senate Bill No. 2812 S.D. 2, H.D. 1, specifies that no SPRBs requiring an allocation of annual state ceiling under Section 39B-2 Hawaii Revised Statutes, shall be authorized after June 30, 2022 and before December 31, 2028, unless requested by the Governor and approved by the Legislature. To permit the issuance of SPRBs authorized during this

session, may we suggest an effective date of June 29, 2022 for House Bill 1682, H.D.1.

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.

HB-1682-HD-1

Submitted on: 4/3/2022 7:12:58 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Ted Bohlen	Testifying for Climate Protectors Hawai'i	Oppose	Written Testimony Only

Comments:

To: The Honorable Donovan Dela Cruz, Chair, The Honorable Gilbert Keith-Agaran, Vice Chair, and Members of the Senate Committee on Ways and Means

From: Climate Protectors Hawai'i (by Ted Bohlen)

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

Tuesday, April 5, 2022, 10:15 am, room 224 and by videoconference

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committees on Ways and Means:

The Climate Protectors Hawai'i is a group focused on reversing the climate crisis and encouraging Hawai'i to lead the world towards a safe and sustainable climate and future. **The Climate Protectors Hawai'i OPPOSES** this proposal to assist the Next Level Solutions Group Inc. in developing a waste-to-energy facility to reduce the need for landfills because the project **has not been shown to be in the public interest**, as would be required legally for issuance of special purpose revenue bonds **under the Hawaii Constitution, Article VII, Section 12.**

The project proponents claim that it "will reduce pollutants in the air and land and reduce the amount of waste going into the the landfill in comparison to H-Power, the older incinerator technology currently being used" Reducing the waste entering the landfills is generally good for the environment, especially reducing organic waste that can produce methane, a potent greenhouse gas. However, **being less harmful than H-Power's incineration doesn't necessarily mean a project is in the public interest.**

Gasification of "recycled waste, medical waste and other waste," technologies are still in early stages of development and have not been perfected at scale. Will they release carbon and other air pollutants that may harm human health, the climate, and the environment? Whether this project will benefit or harm human health, the climate, and environment should not be assumed in advance, but determined by careful analyses, including of lifecycle greenhouse gas emissions.

The public interest would likely be better served by reducing waste by reusing and recycling materials, as some counties are now considering in their waste plans, rather than gasifying the waste. Gasification without waste reduction runs counter to efforts to reduce waste.

The Climate Protectors Hawai'i asks the Committee to defer this bill.

Mahalo!

Climate Protectors Hawai'i (by Ted Bohlen)

Nicole Chatterson
Executive Director, Zero Waste O‘ahu
oahu.zerowaste@gmail.com



Testimony in **OPPOSITION** to **HB 1682: RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST NEXT LEVEL SOLUTIONS GROUP INC.**

To the Committee Hearing of WAM

April 5, 2022 at 10:15 AM; Conference Room 211& Videoconference

To: Chair Dela Cruz and Members of the WAM Committee

Date: April 4, 2022

Aloha Chair Dela Cruz and WAM Committee Members,

As the Executive Director of Zero Waste O‘ahu, a local non-profit working to rebuild an equitable and waste-free Hawai‘i, I am testifying in **opposition to HB 1682 HD1**, which would approve special purpose revenue bonds to support Next Level Solutions Group, Inc. in pursuing a private industrial enterprise, which is a “waste-to-energy facility” that is purported to be in the public benefit.

We offer the following comments and basis for opposition:

1. The City and County of Honolulu recently completed a 10 year waste management strategy, called the [Integrated Solid Waste Management Plan](#). **This strategy prioritizes waste reduction. This measure does not further that priority and is out of step with the priorities of the county and of residents living here. These priorities include:**
 - a. *“Reduce per-capita waste generation 25 percent by 2030, from 6.5 pounds per day to 4.9 pounds per day, and*
 - b. *Reduce carbon emissions from the waste stream by substantially reducing or eliminating carbon-based single-use plastics and polystyrene from the waste stream going to H-POWER and landfill by 2030.”* (see Chapter 3: Source Reduction and Reuse for full details).



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2. As a private endeavor asking for investments via special purpose revenue bonds, the proposed Next Level facility would need to prioritize profit. **The profit model for private WTE facilities hinges on receiving waste to process** (via burning or other means) and then sell in the form of energy or other outputs. As such, it **enables and requires the further production of waste, which is directly at odds with the City and County’s stated priorities and not in the interest of the public.**

 3. Waste generation, and **industries that encourage or rely on waste generation, are not in the best interest to of the public because:**
 - a. **42 percent of U.S. greenhouse gas emissions stem from the energy used to produce, process, transport, and dispose of goods and food.** This is a big issue as we think about climate change. We need to **focus on producing less waste in order to offer public benefit**, not producing more of it to turn into fuel (especially considering there are other, better suited, renewable energy technologies).
 - b. **Processing waste cannot be done without negative impact to the climate and it poses risks to our water, air, and ecosystems.** There is currently no waste management technology that avoids these risks. Therefore, it is critical we **focus our resources on creating less waste to manage in order to offer public benefit.**

 4. While the state is not directly funding this project, approval of special purpose revenue bonds indicates the state condones such a project. **Approving a project like this for state bonds oversteps the autonomy of the county to create and design their own waste management infrastructure while ignoring the county’s stated goals around waste reduction.** Creating **more waste-to-energy infrastructure** will not help us reduce the amount of waste we have to manage, it **will likely encourage and exacerbate waste production.**

 5. The **preamble to the bill sets a false premise from which to evaluate the merits of the project**, in particular the claim in SECTION 1 that “Next Level Solutions Group Inc.’s development of waste-to-energy technology benefits Hawaii by.... (2) Protecting the environment, including by not releasing toxins and other harmful emissions into the

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air...” While air emissions are regulated (and if the system was set up well, emissions could be less than H-POWER), **it is false to state that no emissions will occur and therefore inaccurate to position it as a potential benefit to the public.**

6. Lastly, Next Level indicates that they intend to pursue gasification specifically in their testimony. Meanwhile, the bill refers broadly to “waste-to-energy”. At the very least, **the bill should explicitly state that bonds will be issued for gasification research and not provide leeway for other waste-to-energy methodologies to be explored.**

We would support the issuance of special purpose revenue bonds that would benefit the public by reducing the amount of waste generated *prior* to disposal at waste-to-energy facilities, landfills, or in recycling systems.

For example, if Next Level were to propose building out reuse and refilling infrastructure for local packaging reuse, that would be a tremendous benefit to our community, create clean green jobs, and get us closer to resolving a problem instead of exacerbating it. That is the direction we need to go in and the direction that our County Integrated Solid Waste Management Plan prioritizes as well.

Mahalo the opportunity to weigh in on this measure and for your time and consideration of our comments.

Aloha,

A handwritten signature in black ink, appearing to read "NCH".

Nicole Chatterson, Executive Director, Zero Waste O‘ahu



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THE HONORABLE DONOVAN M. DELA CRUZ, CHAIR
THE HONORABLE GILBERT S.C. KEITH-AGARAN
SENATE WAYS AND MEANS COMMITTEE
Thirty-First State Legislature
Regular Session of 2022
State of Hawai'i

April 6, 2022

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

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means, 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 low temperature pyrolysis gasification and power generation facility in Oahu, Hawaii that will drastically reduce pollutants in the air and land and reduce the amount of waste going into the landfill in comparison to H-Power, which is an outdated incinerator technology currently being used by the City and County of Honolulu that converts waste to electricity. H-Power has violated air quality laws in the past. In contrast, NLSG's system will go above and beyond the environmental laws by reaching miniscule levels that does not harm our environment. As of 2020, more than 26% of H-Power's trash ends up being toxic ash that must be landfilled. NLSG's system produces only 5% ash that is non-toxic. Further, NLSG is aggressively working with technology companies to create building materials out of this ash.

NLSG will supplement H-Power by being completely private through its focus on recycled waste, medical waste, ocean waste, and other waste not being processed by H-Power. It will process the waste into electricity in phase 1, and in later phases, it 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 technology improves over time, NLSG will upgrade its 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: 4/2/2022 11:54:17 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Jennifer Navarra	Testifying for Zero Waste Hawaii Island	Oppose	Written Testimony Only

Comments:

This project has not been shown to be in the public interest so as to justify SPRB, given the possible adverse impacts on human health, the environment and climate of burning waste and creating toxic ash instead of reducing waste by reuse and recycling pursuant to county plans.

HB-1682-HD-1

Submitted on: 4/3/2022 8:06:22 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Sherry Pollack	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB1682 HD1 that authorizes the issuance of special purpose revenue bonds to assist Next Level Solutions Group Inc., in developing a waste-to-energy facility. So called “waste-to energy” is not “clean energy” as this bill states. It is in fact both costly and polluting, posing risk to human health and the stability of our climate system. **The public interest would be better served by efforts going towards reducing waste, as well as reusing and recycling resources and products.**

Mahalo for this opportunity to testify.

HB-1682-HD-1

Submitted on: 4/4/2022 8:55:57 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Shannon Rudolph	Individual	Oppose	Written Testimony Only

Comments:

Oppose

Burning trash or trees is stupid and adds to the climate crisis.