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DEPARTMENT OF BUDGET AND FINANCE**

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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 ENERGY & ENVIRONMENTAL PROTECTION
ON
HOUSE BILL NO. 1682

**February 15, 2022
9:45 A.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 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 and House Bill No. 2019 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 specifies that the entire allocation of the state bond ceiling cap shall be 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 and counties for the next five years. 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 NICOLE E. LOWEN, CHAIR
HOUSE ENERGY & ENVIRONMENTAL PROTECTION COMMITTEE
Thirty-First State Legislature
Regular Session of 2022
State of Hawai'i

February 14, 2022

RE: H.B. 1682; RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST NEXT LEVEL SOLUTIONS GROUP INC.

Chair Lowen, Vice Chair Marten, and members of the House Committee on Energy & Environmental Protection, Next Level Solutions Group Inc. ("NLSG") submits the following testimony in support of H.B. 1682 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 H.B. 1682.

HB-1682

Submitted on: 2/15/2022 8:07:15 AM

Testimony for EEP on 2/15/2022 9:45:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Bronsten Kossow	Individual	Support	No

Comments:

Please support.