SB 3108
RELATING TO THE CLEAN HAWAII CENTER

Senate Committees on Economic Development and Ecology and Environmental Protection

Joint Public Hearing - February 1, 1996
1:00 P.M., Room 225 State Capitol

By

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SB 3108 dissolves the governing board of the Clean Hawaii Center, transferring its functions to the DBEDT and allows the Clean Hawaii Fund to accept direct transfers of funds.

Our statement on this measure is compiled from voluntarily submitted opinions of listed academic reviewers, and as such does not constitute an institutional position of the University of Hawaii.

1. Oahu’s landfills will close in the next 5-6 years, and no new site has been established.

Beyond all fiscal and organizational arguments, the impending closure of Oahu’s landfills and the huge economic and public policy burdens of siting and establishing a new landfill should motivate support for Clean Hawaii Center. To simply state that goals and objectives outlined in Act 202 are not achievable fails to recognize crucial underlying policy priorities of the most shortsighted nature. The 1994 report of the National Development Council to the State DBEDT made the following points:
1. Diverting 1 million tons of material from the waste stream by the year 2000 into economic use in Hawaii will require an investment in capital equipment and facilities of $50,000,000 to $100,000,000.

2. This investment will result in between 750 and 1,500 new full time jobs.

3. From 10/1/92 through 9/30/93, banks and other financial institutions made 64 SBA guaranteed loans in Hawaii, Guam and Palau, for a total of almost $12 million. This compares to 130 loans for $31 million originated by lenders in the State of Wyoming, which has a population slightly over half of Hawaii.

4. Hawaiian banks using the SBA programs tend to structure their loans with significantly shorter terms than is normal in the industry -- few loans have terms longer than 4 years. The average term for SBA lending on the mainland is 10 years.

5. Private venture capital funds will see little opportunity in recycling businesses because they seek rapid growth investments in businesses ability to go public over a 3 to 5 year time frame, and with sales of at least $15,000,000. This rate of return is unlikely with most recycling businesses.

6. To implement an effective recycling business development program in Hawaii will require the dedication of at least two recycling business development professionals trained in economic development underwriting and loan programs, and the training of local solid waste and recycling professionals in market development skills to builds a feeder system of projects. In addition, it will require the dedication of one or more sources of funds to serve as the catalyst to leverage other capital into business development.

2. The proposed measure effectively relegates the Clean Hawaii Center to bureaucratic obscurity.

By authorizing expenditure of monies from the Clean Hawaii Fund to travel expenses of staff members and administrative expenses, this measure opens up the fund to raiding for whatever administrative purpose DBEDT deems necessary. Already crippled by budget cuts, the Center has little chance of survival, much less achieving its intended purpose.

3. Hawaii needs more, not less support for recycling.

Costs of disposal cannot be expected to diminish. The State’s economic foresight should focus not only on future educational needs, as demonstrated by the commitment to development of the UH West Oahu campus, but on the urgent present and future needs for rational management of our waste stream.