

STATE OF HAWAII
DEPARTMENT OF HEALTH
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In reply, please refer to:
File:

HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

H.B. 2306, MAKING AN APPROPRIATION TO THE ENVIRONMENTAL RESPONSE REVOLVING FUND

Testimony of Gary L. Gill
Acting Director of Health

February 6, 2014
8:40 a.m.

1 **Department's Position:** The Department of Health **STRONGLY SUPPORTS** this measure because it
2 will further the State's ability to rapidly respond to hazardous material releases and environmental
3 threats by assuring operational continuity and avoiding significant reductions in staff.

4 **Fiscal Implications:** Decreases in Environmental Response, Energy, and Food Security Tax (Barrel
5 Tax) revenue have eroded the Environmental Response Revolving Fund (ERRF) balance to critical
6 levels. The Department requests \$2.6 million in general funds to increase ERRF funds to secure its
7 ability to quickly, comprehensively, and effectively respond to hazardous material releases and
8 environmental threats to ensure public safety.

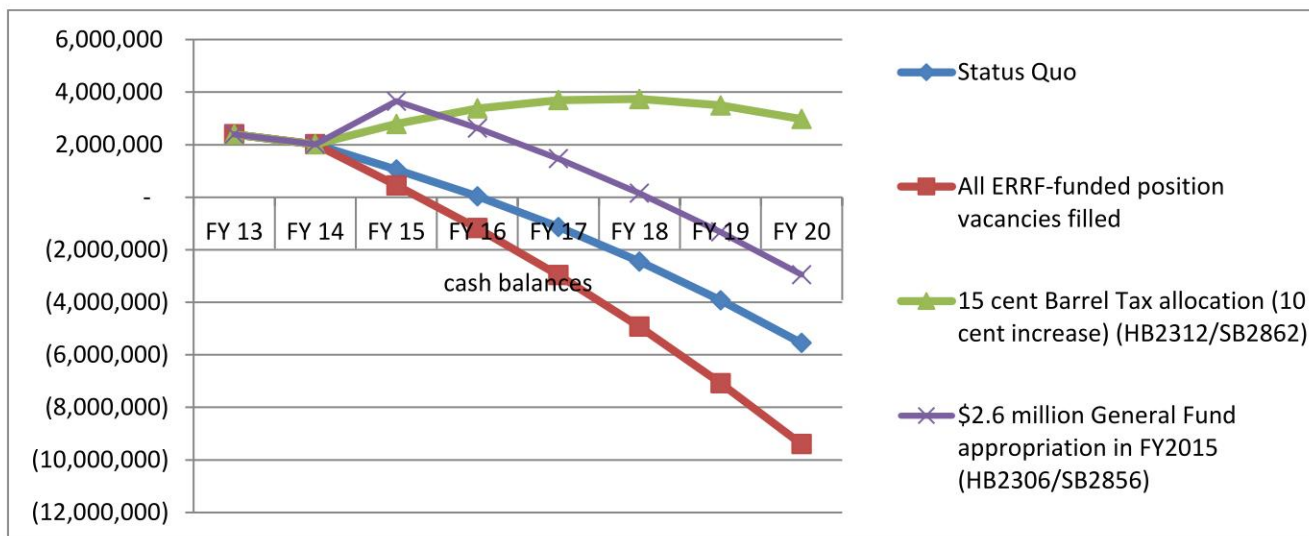
9 **Purpose and Justification:** The ERRF assures the State's ability to respond to and protect Hawaii from
10 the devastating impact of oil, chemical, and other potentially dangerous spills, such as molasses, on
11 public health and safety, the environment, and the economy. The ERRF also funds preemptive
12 measures, including the testing of potential or likely contaminated sites, remediation of contaminated
13 sites, testing of state waters, and the regulation and management of solid and hazardous wastes. Barrel
14 Tax revenues have been declining in recent years due to rising energy costs and growth in alternative

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1 energy resources, as well as a sluggish economy. Combined with the unpredictability of levying
2 environmental enforcement fines and demands on emergency response due to events such as the Tohoku
3 earthquake and tsunami, Honolulu Harbor molasses spill, and several ground contaminations, the ERRF
4 is projected to reach a cash balance deficit of over \$1 million by Fiscal Year 2017.

5 The ERRF cannot be sustained by its current allocation of 5 cents per barrel. In the past six
6 years, ERRF revenue has decreased by \$500,000. The projected deficit would severely impact matching
7 funds for the present Hazardous Waste Management, Leaking Underground Storage Tank, Water
8 Pollution Control-Surface Water, Public Water System Supervision, and Hazardous Materials
9 Emergency Preparedness grants. The lack of \$823,168 in matching ERRF funds would jeopardize a
10 total of \$4,116,906 in federal dollars. This is because many of the Department's federal grants require
11 non-federal support or commitment to grant purposes in the form of dollars and/or personnel time, and
12 without state matching funds, federal funds will not be awarded.

13 This growing ERRF deficit would eliminate funding for 42 vital positions throughout
14 Environmental Health Administration programs. The Department continues its efforts to increase
15 legislative authorization of a higher percentage of Barrel Tax revenue in addition to this request for a
16 general fund appropriation into the ERRF in order to assure public health and safety through its critical
17 enforcement functions and emergency response capabilities. Governor's Package companion bills
18 HB2312 and SB2862 request a 10 cent increase in the allocation of Barrel Tax revenue to the ERRF
19 (from 5 cents to 15 cents per barrel), which would result in a much-needed increase in ERRF revenue by
20 approximately \$2.6 million per year (see graph on the following page). A \$2.6 million appropriation of
21 general funds into the ERRF will ensure greater fund stability that will allow the Department to quickly
22 and effectively respond to hazardous material releases and environmental threats to protect public safety.



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- 2 Thank you for the opportunity to testify on this important measure.