

H.B. NO. 2386

A BILL FOR AN ACT

RELATING TO THE DEPOSIT BEVERAGE CONTAINER FEE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 342G-102, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~§~~342G-102~~§~~ **Deposit beverage container fee.** (a)

4 Beginning on October 1, 2002, every deposit beverage distributor
5 shall pay to the department a deposit beverage container fee on
6 each polyethylene, terephthalate, high density polyethylene, or
7 metal deposit beverage container manufactured in or imported
8 into the State. The fee shall be imposed only once on the same
9 deposit beverage container. The fee shall be 0.5 cents per
10 deposit beverage container.

11 (b) Beginning on October 1, 2004, every deposit beverage
12 distributor shall pay to the department a deposit beverage
13 container fee on each deposit beverage container manufactured in
14 or imported into the State. The deposit beverage container fee
15 shall not apply to deposit beverage containers exported for sale
16 outside of the State. The fee shall be imposed only once on the

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1 same deposit beverage container. The fee shall be 1 cent per
2 deposit beverage container.

3 (c) No county shall impose or collect any assessment or fee
4 on deposit beverage containers for the same or similar purpose
5 that is the subject of this chapter.

6 [~~(d) Beginning January 1, 2005, and every August 1~~
7 ~~thereafter, the department shall notify deposit beverage~~
8 ~~distributors in writing of the amount of the deposit beverage~~
9 ~~container fee. The effective date of changes to the fee amount~~
10 ~~shall be September 1. The fee shall be based on the redemption~~
11 ~~rate calculated annually based on the redemption rate~~
12 ~~information submitted to the department for the previous period~~
13 ~~of July 1 through June 30. The fee amount shall be as follows:~~

14 ~~(1) If the redemption rate is seventy per cent or less: 1~~
15 ~~cent per container; and~~
16 ~~If the redemption rate is greater than seventy percent:~~
17 ~~1.5 cents per container.]"~~

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1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect upon approval.

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5 INTRODUCED BY:

Calvin K. Boy
BY REQUEST

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7 JAN 23 2006
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JUSTIFICATION SHEET

DEPARTMENT: Health.

TITLE: RELATING TO THE DEPOSIT BEVERAGE CONTAINER FEE.

PURPOSE: The purpose of this measure is to eliminate the automatic container fee increases now in the deposit beverage container program law.

MEANS: Amend Chapter 342G, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Container Fee.

Section 342G-102(d)(2), HRS, requires the container fee paid to the Department of Health (DOH) by container manufacturers and distributors, to increase from the existing 1 cent per container fee to 1.5 cent per container fee when the fiscal year redemption rate exceeds 70%. The deposit beverage container special fund now has an estimated surplus of \$15 million, and a container fee increase is not necessary.

The fund has a surplus because DOH budgeted conservatively to make sure it could pay for a 70% redemption rate from the start of the program in January 2005.

The current sources of program income are the container fee (now at 1 cent/container) and unredeemed deposits (5 cents/container). These fees pay for deposit refunds (5 cents/container), recyclers' handling fees (2 or 3 cents/container), DOH salaries, grants to counties, and administrative expenses.

With the change of the program to one operated by the market participants in the purchase and return of beverage containers, the need for the container fee will be eliminated. Subsequent to the realignment of the redemption system, the fee will be eliminated and the balance in the fund will be used to carry out the priorities of Chapter 342G-2, HRS.

The system will then depend on unredeemed deposit monies to cover program expenses.

GENERAL FUND: None.

OTHER FUNDS: Deposit Beverage Container Special Fund.

PPBS PROGRAM DESIGNATION: None.

OTHER AFFECTED AGENCIES: None.

AFFECTED BUSINESS: Beverage manufacturers, distributors, and retailers.

EFFECTIVE DATE: Upon approval.