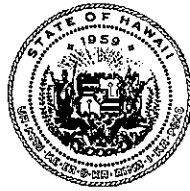


***SB 2012***

LINDA LINGLE  
GOVERNOR OF HAWAII



CHIYOME LEINAALA FUKINO, M.D.  
DIRECTOR OF HEALTH

STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P.O. Box 3378  
HONOLULU, HAWAII 96801-3378

In reply, please refer to:  
File:

## COMMITTEE ON ENERGY AND ENVIRONMENT

### S.B. 2012, RELATING TO THE DEPOSIT BEVERAGE CONTAINER PROGRAM

Testimony of Chiyome Leinaala Fukino, M.D.  
Director of Health

February 12, 2008  
2:45 pm

1 **Department's Position:** The Department respectfully opposes this measure.

2 **Fiscal Implications:** Unquantified.

3 **Purpose and Justification:** This bill requires dealers and redemption centers to pay scrap value for  
4 aluminum containers in addition to the deposit value.

5 The Department of Health appreciates the intent of this bill to provide an additional financial  
6 incentive for people to recycle. However, the department has concerns regarding implementing and  
7 managing such a measure and whether the financial impact to recycling companies will lead to there  
8 being fewer redemption centers.

9 It would be difficult for the department to adequately monitor "current" market prices of scrap  
10 aluminum that are constantly fluctuating. At a minimum, the department would need daily monitoring  
11 of aluminum prices to determine: 1) how to apply scrap value to customer refunds; 2) if and when scrap  
12 values paid to customers should be adjusted (daily, weekly, or monthly); 3) if and when scrap values  
13 should vary from island to island and how to efficiently inform redemption centers operators of rate  
14 changes, and 4) how much time to give redemption centers to apply the rate changes.

1        Additionally, if operators are forced to pay scrap value on aluminum, this may raise certified  
2 redemption center operational costs. Higher costs reduce profit and we are concerned whether operators  
3 might reduce the number of centers serving the public, decrease competition, and reduce convenience  
4 for the public.

5        Finally, for recycling companies, the high scrap value on aluminum helps offsets the costs of  
6 recycling other lower value scrap materials (i.e., glass and plastic). Certified redemption center  
7 operators must accept all deposit material, not just material with a high scrap value. Before the Deposit  
8 Beverage Container Program, most recycling companies only bought aluminum because only it was  
9 profitable.

10       Thank you for the opportunity to testify on this measure.

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**testimony**

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**From:** Bruce Iverson [biverson@reynoldsrecycling.com]  
**Sent:** Monday, February 11, 2008 3:43 PM  
**To:** testimony  
**Subject:** SB 2012 Testimony for Reynolds Recycling, Inc.  
**Attachments:** image001.png

**To:** **Senator Ron Menor, Chair**  
**Senator Gary L. Hooser, Vice Chair**  
**Committee on Energy & Environment**

**Senator Clarence K. Nishihara, Chair**  
**Senator Donna Mercado Kim, Vice Chair**  
**Committee on Tourism and Government Operations**

**Fr:** **Terry G. Telfer, President**  
**Reynolds Recycling**

**Date:** **Tuesday, February 12, 2008, 2:45 pm, Conference Room 414**

**Re:** **Testimony against SB 2012, Relating to the Deposit Beverage Container Program**

Thank you for the opportunity to testify on this bill.

Reynolds Recycling is strongly opposed to SB 2012, Relating to the Deposit Beverage Container

Reynolds Recycling operates the largest network of redemption centers in Hawaii. We believe that Reynolds, and other redemption center operators have taken great strides in helping to make the Deposit Beverage Container law the success that it has been widely touted as being. The February 2006 report from the Department of Health to the legislature states "that the program is well on its way to reaching its eighty per cent goal of redemption of deposit containers, which is an indicator of the programs success".

Reynolds believes that the current law, which allows market freedom for certified redemption centers is the best way to handle scrap value issues with regards to deposit beverage containers. No bottle deposit law state requires the payment of scrap value. As a tool to draw in customers, it is effective for redemption centers with low overhead like those that have little or no field operations. For those who have large field networks, like Reynolds Recycling, this scrap value is key to allowing us to maintain the current redemption network or improve service for increased consumer satisfaction.

For those redemption centers utilizing reverse vending machines (RVMS) paying scrap value would be very difficult to achieve considering the fluid and changeable nature of scrap aluminum value.

Reynolds Metals Corp, the worlds largest network of recycling and Buy back centers closed its doors in 23 states because it could no longer afford to pay people to recycle, and run a profitable business. If this law is passed, most Hawaii recyclers would also likely close, or increased handling fees would be required.

As a leader in Hawaii's recycling industry, Reynolds Recycling remains committed to protecting Hawaii's future by recycling today, and in the future. We oppose SB 2012. Please do not hesitate to contact me at 487-2802, if you have any questions or concerns.

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