

SB 2628

**SB 2628
RELATING TO PAPER WASTE REDUCTION**

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FEBRUARY 7, 2008

Chair Menor and Members of the Energy and Environment Committee:

I am Ken Hiraki, testifying on behalf of Hawaiian Telcom and Local Insight Media, owner of the Hawaiian Telcom Yellow Pages, on SB 2628, "A Bill Relating to Paper Waste Reduction." Hawaiian Telcom, Local Insight Media and Hawaiian Telcom Yellow Pages oppose this measure.

SB 2628 requires telephone utilities and companies that publish or distribute telephone directories to distribute directories only upon receiving written authorization executed by the customer. While we support efforts to minimize waste headed to landfills in Hawaii, SB 2628 would institute an unprecedented restriction on directory delivery, limit the advertising opportunities for thousands of small businesses in Hawaii, undermine the directory industry's own opt-out program and restrict commercial speech to an extent that may very well run afoul of the 1st Amendment. Furthermore, for the reasons I will outline below, legislation similar to SB 2628 that has been introduced in other states has all failed.

The consumer demand for print directories remains strong. Industry research shows that consumers reference printed Yellow Pages products approximately **13.4 billion** times annually with nearly half of all adults in the U.S. referencing a print directory on a weekly basis.¹ In addition, demand for directories is illustrated by actions such as requests for secondary delivery of directories, sales of additional directories to businesses, and the numbers of directories taken from public distribution stands.

¹ 2007 Yellow Pages Association Industry Usage Study conducted by KN/SRI.

Industry analysts are predicting that the directory industry will grow over the next five years – proving that directory products are a valuable service to consumers and local businesses alike. It is also important to note that while many directory publishers also list their information online, many local residents do not have constant access to the Internet making the print product their primary source for local information.

The HT Yellow Pages plays a strong role in the community. Their employees serve as a marketing partner to approximately **17,000 businesses** in Hawaii who rely on the directory industry to sustain and grow their businesses. In fact, the majority of HT Yellow Pages' advertisers are small businesses such as plumbers, electricians and other trades, flower shops, independent restaurants and auto shops with limited advertising and marketing budgets. In many cases, their use of print Yellow Pages advertising represents the most significant marketing endeavor they undertake. We believe it would be a great disservice to these small businesses to limit, or in some cases eliminate, their ability to market their goods and services to the community.

With regard to the environmental impact of directory products, the committee will be interested to know that HT Yellow Pages has invested in community-based directory recycling programs, provides cash prizes to schools participating in recycling contests and pays non-profit community groups to assist in the directory distribution process. In addition, the City and County of Honolulu utilize disposed directories in the MSW stream as H-Power fuel allowing for lower fossil fuel imports. HT Yellow Pages is also very sensitive to the limited landfill space available in Hawaii. However, the U.S. Environmental Protection Agency's latest report on municipal solid waste states that telephone directories represent only 0.3% of the municipal solid waste stream. In comparison, standard mail and newspapers represent 2.4% and 4.9%, respectively.

I'd now like to take the opportunity to inform the committee about the effort the directory industry is taking to provide consumers with a choice when it comes to directory products – including the choice to opt-out of receiving the directory.

During 2007, the Yellow Pages Association (the national trade association representing Yellow Pages publishers that account for 90 percent of Yellow Pages revenue in the U.S.) began formal discussions with the Product Stewardship Institute (PSI), a national environmental organization representing approximately 90 state, local and private environmental groups including the state of Hawaii. These earnest discussions have included efforts to arrive at voluntary agreements on source reduction of telephone directories, as well as enhanced recycling and environmentally sensitive manufacturing practices. After months of dialogue, including two stakeholder meetings held at regional U.S. Environmental Protection Agency offices, the Yellow Pages Association together with the Association of Directory Publishers, agreed to environmental guidelines that include provisions to allow residents to opt-out from delivery of a publisher's directories. This unprecedented voluntary agreement has been applauded by the myriad environmental groups working with the PSI on its Phone Book Project.

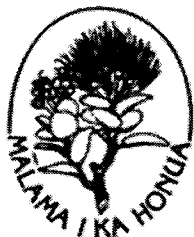
Under the industry's opt-out approach, a customer may request not to receive directories from a specific publisher. This approach allows the publisher to compete for usage among the public while also allowing customers a choice about which directory, if any, they wish to continue to receive. In contrast, the opt-in approach contained in Senate Bill 2628 denies publishers the opportunity to make their products known to potential users, let alone to distribute their products and compete for users. The costs associated with the marketing efforts necessary to secure the consumer's pre-approval prior to delivering the directory are prohibitive and would reduce competition in the marketplace resulting in higher costs to advertisers and less useful directories being provided to the public. It is imperative that publishers have the opportunity and time to implement the newly adopted opt-out procedures which were only recently agreed to. Senate Bill 2628 would accomplish little other than to hinder the significant progress made by the industry and environmental groups over the past year.

Finally, it should be noted that directories have a long history of serving the public interest. They contain highly sought and critical information, including emergency services' contacts, emergency preparation guides, methods for contacting elected

officials and other government agencies, and other important community information. Directories are also a valuable resource for finding information related to an individual's phone service, including how to avoid the disconnection of telephone service, telephone repair, and the telephone service for the disadvantaged.

Based on the aforementioned, we respectfully request that SB 2628 be held in your committee.

Thank you for the opportunity to testify on this measure.



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SENATE COMMITTEE ON COMMITTEE ON ENERGY AND ENVIRONMENT

February 7th, 2008, 3:30 P.M.

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 2628

Chair Menor and members of the Committee:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, supports SB 2628, establishing an "opt-in" program for telephone book distribution. We thank the introducer of this common sense measure that will address the overwhelming amount of waste generated by the current telephone book distribution process.

Even though much of the paper in telephone books is likely recycled, the energy and waste created by their indiscriminant distribution is considerable. Millions of pounds of paper are generated and transported across the state annually—only to have many of them later trashed. Senate Bill 2628 would reduce this waste burden on society by establishing a program where only those who desire the telephone books receive them.

Hawai'i is faced with a solid waste crisis on most islands, O'ahu in particular. A study completed for the City by consulting group R.W. Beck, the "2006 Waste Characterization Study" (available online at www.opala.org), reveals some shocking facts about Oahu's solid waste situation. Since the last waste characterization study in 1999, the trash from Oahu households increased by 30.2% from 316,491 tons annually in 1999 to 412,016 tons in 2006 (R.W. Beck, "2006 Waste Characterization Study," April 2007, at 3-11). The population increased by roughly 3% over the same period (878,906 to 906,000)—**meaning waste generation from households increased 10 times faster than population growth.**

We believe that SB 2628 is not only about reducing resource waste and trash generation, but also about consumer choice. If a consumer would like to receive the voluminous yellow and white pages, they simple request the books. Otherwise, residents can select their own media (such as online directories "whitepages.com," "switchboard.com," etc.) to receive information such as business listings and phone numbers.

Thank you for the opportunity to testify.