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Bill No. 1975

Support Y N

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MEMORANDUM

TO: Representative Hermina Morita
Chair, Committee on Energy & Environmental Protection
Representative Angus L.K. McKelvey
Chair, Committee on Economic Revitalization, Business, & Military Affairs
Via Facsimile: 586-9608

FROM: Gary M. Slovin

DATE: February 7, 2010

RE: H.B. 1975 – Relating to The Deposit Beverage Container Program
Hearing: Tuesday, February 9, 2010 at 11:00 a.m., Room 325

Dear Chairs Morita and McKelvey and Members of the Committees:

I am Gary Slovin, appearing on behalf of the Distilled Spirits Council of the United States (“DISCUS”). DISCUS is a national trade association representing producers and marketers of distilled spirits sold in the United States.

DISCUS opposes H.B. 1975. This bill seeks to amend the definition of “deposit beverage” to include wine and hard spirits.

Distilled spirits are already assessed significant taxes and fees in Hawai‘i, including a one and one half cent advance disposal fee per glass container. For a typical bottle of distilled spirits sold here, 25% percent of the retail price goes to pay State and local taxes and fees. When factoring in federal requirements, 51% of the purchase price of each bottle of distilled spirits goes toward taxes and fees.

Given the fact that glass bottles for wine and spirits are not a significant part of Hawai‘i’s litter, the current system—assessing an advance disposal fee to handle glass containers—is working. Hawai‘i Revised Statutes §342G-84, states that all revenues generated from advance disposal fees are deposited into a special account in the

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environmental management fund. These moneys are used to fund county glass recovery programs, essentially *already* performing the intended function of H.B. 1975, which is to prevent litter caused by wine and spirits bottles.

Finally, the logistical complexity and added costs of including wine and distilled spirits in a deposit beverage container program are significant. Labels for each bottle would need to be changed and these goods would need to be assessed higher prices. This is why the vast majority of states with “bottle bills”—including California—*do not* include wine and distilled spirits.

For the reasons stated above, we respectfully ask that you hold H.B. 1975.

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Via Facsimile

Representative Angus L.K. McKelvey, Chair
Representative Isaac W. Choy, Vice Chair
Committee On Economic Revitalization, Business, & Military Affairs
House of Representatives
State Capitol
415 South King Street
Honolulu, Hawaii 96813

Re: H.B. No. 1975 relating to the Deposit Beverage Container Program

Dear Chair McKelvey, Vice Chair Choy and Committee Members:

On behalf of the Hawaii Liquor Wholesalers Association ("HLWA"), we respectfully submit the following written testimony in opposition to H.B. No. 1975, relating to the deposit beverage container program, which is to be heard by your Committee on Economic Revitalization, Business, & Military Affairs on Tuesday, February 9, 2010. H.B. No. 1975 would make wine and hard spirits subject to the deposit beverage container program. HLWA believes that H.B. No. 1975 is inappropriate and unworkable for several reasons.

First, wine and spirits already are subject to the advanced disposal fee for glass containers under Part VII of Hawaii Revised Statutes ("HRS") chapter 342G. Specifically, HRS section 342G-82 already imposes an advanced disposal fee of one-and-one-half cents per glass container. Changing fee to, effectively, six cents per bottle, imposes more cost on the consumer.

Second, by statute, the advance deposit fees are to be used for glass incentive or "buy back" programs that provide a means of encouraging participation by the public or private collectors, and the paving of the equivalent of one mile of two lane asphalt roadway as part of a research and demonstration program utilizing glassphalt or glass within any other portion of the pavement section, or other demonstration projects approved by the Department of Health. In addition, county programs may include the collection and processing of glass containers, either through existing county agencies or through external contracts for services, subsidizing the transportation of processed material to off-island markets, the development of collection facilities or the provision of containers for glass recycling, or the incremental portions of multi-material programs, additional research and development programs, including grants to private sector entrepreneurs, especially those activities developing higher value uses for the material, and public education and awareness programs focusing on glass recovery, or the incremental portions of multi-material programs. In contrast the fees for deposit beverage program appear to be intended to be substantially to fund the program itself.

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Representative Angus L.K. McKelvey, Chair
Representative Isaac W. Choy, Vice Chair
Committee on Economic Revitalization, Business, & Military Affairs
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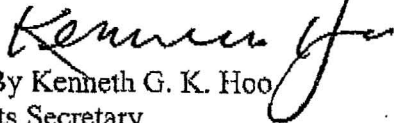
We also note that one of the primary goals of bottle bills is the reduction of litter; however, to our knowledge glass and spirit bottles are not significant sources of litter and including wine and spirit bottles in the bottle bill would have only a marginal impact with respect to litter.

Finally, very few other U.S. jurisdictions impose deposit requirements on wine and spirits, meaning that wine and spirit makers and distributors would need to change their labels to accommodate the requirement of a tiny minority of jurisdictions. For example, California does not include wine and spirits in its deposit program. Imposing this requirement may result in certain products becoming unavailable in the Hawaii market because the cost of changing the labels may exceed the return from Hawaii's relatively small market. Requiring distributors to bear the cost of "Hi5" stickers would be very expensive and burdensome and would result in raising wine and hard spirit costs to the industry and the public.

For the foregoing reasons, we respectively oppose H.B. No. 1975. Thank you for your consideration of the foregoing.

Very truly yours,

HAWAII LIQUOR WHOLESALERS ASSOCIATION


By Kenneth G. K. Hoo
Its Secretary



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Re: hb1975

Aloha Honorable Representatives of the EEP/EBM committees,

We have been a State of Hawaii certified redemption center since March of 2005. Open 24 hrs a day, 7 days a week, we were the first and only retailer to offer redemption in the state for a few years.

The deposit beverage container program is a huge success in many ways.

We have increased our man power (jobs) by 26 man hours per day to run the program and have diverted 11,836,883 lbs of materials from our land fill over the past five years.

Many people use our facility for a variety of reasons. Money and recycling are huge incentives. Sports teams, schools and other entities use the program extensively. We also have physically and mentally challenged people redeem containers on a regular basis to create self worth or a feeling of being productive.

We have also experienced people discarding a lot of containers not included in the Hi5 program even though we provide recycling for these items.

The Hi5 program encourages recycling and it works. It makes good sense to include other recyclables because we already have a proven system in place. Adding other products will benefit the environment by recycling and the economy by creating more jobs to handle the additional materials.

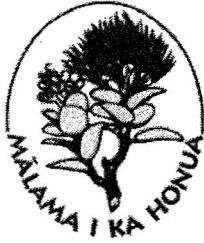
We should all think and act responsibly and recycle as much as possible. Instead of making excuses why we shouldn't include wine and spirits we should be giving reasons why we should.

The price to recycle/redeem is minimal when compared to the price we will pay by NOT being a good steward of our islands. Our children and their children will thank you for supporting this important bill.

Thank you.

Sincerely yours,

Paul Hanada
VP/Owner Aloha Shell Service 808-877-5894



Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803
808.538.6616 hawaii.chapter@sierraclub.org

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HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
HOUSE COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS, & MILITARY 1 2 WI
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February 9, 2010, 11:00 A.M.

(Testimony is 1 page long)

TESTIMONY IN SUPPORT FOR HB 1975

Aloha Chair Morita, Chair McKelvey, and Members of the Committees:

The Hawai'i Chapter of the Sierra Club supports HB 1975, which extends the deposit beverage container program to include wine and hard spirits containers.

Hawaii's bottle law has proven to be an overwhelming success for Hawaii's environment, with over 930 million bottles and cans diverted from Hawaii's landfills annually. Beyond waste diversion, our recycling law reduces litter, creates jobs, and provides opportunities for churches, charities, and schools to fundraise. The recycling program proves that a little change can make a big difference.

Despite its success with redeeming over four billion beverage containers, the bottle law can be improved. Including wine and hard spirits into this comprehensive scheme is a logical continuation of the public policy underlying this system. We estimate millions of wine bottles and hard spirits are sold in Hawai'i each year and -- because of the lack of deposit -- there is little or no enticement to recycle these items. There is no rationale basis for why these products should not be included in a comprehensive beverage container program.

Thank you for this opportunity to provide testimony.