

**SB 2360**



## HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)

1188 Bishop St., Suite 608, Honolulu, Hawaii 96813  
Phone (808)533-1292 - Fax (808)599-2606 - Email: hawaiifoodind@aol.com

February 2, 2010

To: Senate Committee on Energy and Environment  
Senator Mike Gabbard, Chair  
Senator J. Kalani English, Vice Chair

By: Richard C. Botti, President  
Lauren Zirbel, Government Relations

Re: SB 2360 RELATING TO THE DEPOSIT BEVERAGE CONTAINER PROGRAM

Chairs & Committee Members:

We oppose not only the proposed amendments to this measure, but the entire Deposit Beverage Container Program as being far too expensive, far too wasteful of resources, and very vulnerable to cheating.

The measure was first adopted because the industry we represent came up with compromises that were too little to late, providing for the perfect storm for this type of law to pass.

We originally supported an advance disposal fee (ADF) for glass because it had little value in recycling, and could not be used to generate waste to energy. Expanding the ADF to all containers would have cost an additional \$10 million at the time, and this was unacceptable to industry. The current law however cost consumers more than \$30 million a year and growing. Rather than feeding more product into the pot, we should be looking at a more streamlined method of handling spent container recovery that will cost less while being more effective without collecting what in many cases is worth less than the cost of recovery.

Currently, aluminum recycling appears to be the only product that is worth recycling, and it would be recycled without a deposit program. Plastic on the other hand should be collected for its Btu value and used for both strategic energy reserves and waste to energy. All plastic and glass should be collected separately for their own purpose, with glass going for lateral landfills (roads and/or construction). Plastic is too valuable as an energy source, and glass has little value out in the middle of the pacific, unless we can use it to make sand for our beaches.

There has to be an advance disposal fee involved in whatever is going to be collected. Consumers already pay about \$10 million annually with the 1¢ handling fee. The issue is, how much is necessary to accomplish the goal of diverting each type of container from our landfills while avoiding litter. This would depend on the type of container. This is where our efforts must be placed rather than one size fits all.

Since the start of the Program in October 2002 to June 30, 2008, the department collected about \$203.6 million in container fees and deposits from distributors and paid out almost \$152.7 million to redemption center operators for redeemed deposits and eligible handling fees. DOH also paid about \$4.2 million for contracted county DBC program activities, about \$9 million for Program administration. Around \$19.6 million was encumbered, as of June 30, 2008, for various items described later in this report.



# WINE INSTITUTE

P.O. Box 3  
Mercer Island  
Washington 98040  
(206) 232-5171  
Fax (206) 232-4130

February 2, 2010

**TO:** Senate Energy and Environment Committee  
Senator Mike Gabbard, Chair  
Senator J. Kalani English, Vice Chair

**FROM:** Katie Jacoy  
Wine Institute

**DATE:** Tuesday, February 2, 2010  
Conference Room 225  
3:30 p.m.

**RE:** **SB 2360, Relating to the Deposit Beverage Container Program**

Chair Gabbard and Members of the Committee:

Wine Institute, representing 920 California wineries of all sizes, opposes including wine bottles to the Hawaii Deposit Beverage Container Program as proposed in SB 2360. Wine Institute (WI), like Hawaii, is committed to environmental stewardship. Through our Sustainable Winegrowing Program, we provide California vintners and growers with information on how to conserve natural resources, protect the environment and enhance relationships with employees, neighbors and local communities. WI, therefore, supports efficient and cost-effective mechanisms to increase the recycling of wine bottles. To that end, we believe that resources in Hawaii would be better dedicated to a comprehensive curbside recycling program than expanding the bottle bill to include wine bottles.

Curbside is the ideal recycling method for wine bottles, since pick-up is where the product is primarily consumed – at home. Wine bottles are heavy, breakable, and take up limited household storage space, so they are not well suited for recycling programs that require the consumer to return them to a retail location or redemption center. (Only Maine and Iowa include wine bottles in their bottle redemption laws.)

A comprehensive curbside recycling program would likely be more effective in increasing the recycling rate for wine bottles, rather than simply putting a "fee" on every bottle. A deposit fee is essentially a tax increase. SB 2360 would add a \$.05 deposit fee for every wine bottle, which just increases the price for wine.

Applying the deposit requirements to wine would also increase costs to wineries, which typically translate into higher prices for consumers. To comply, a winery would either have to adopt special labeling procedures for wine being sold in Hawaii or include the Hawaii deposit and refund value on all wine labels. Wine labels are already cluttered with information to comply with federal labeling requirements, including mandatory warnings. Small wineries do not have the space, equipment, and financial resources to deal with duplicate inventories and special labeling procedures. There would also be additional costs to wineries associated with collecting and remitting deposits on winery direct sales to Hawaii consumers.

Hawaii wine consumers already pay one of the highest prices in the United States for their wine. The price of wine for Hawaii consumers is already increased by excise tax (eighth highest in the country), general excise tax of 4.17% (or 4.712% for the City and County of Honolulu), and the higher transportation costs to ship wine to Hawaii. We urge you not to add more costs that will just result in higher prices for consumers.

Wine bottles do not typically create a litter problem and are more likely recycled at curbside. So we urge you NOT to add wine bottles to Hawaii's Deposit Beverage Container Program, which will just make wine more costly in Hawaii.

Thank you for allowing me to provide testimony on this matter.

February 1, 2010

Honorable Mike Gabbard, Chair  
Honorable J. Kalani English, Vice Chair  
Committee on Energy and Environment  
Senate  
State Capitol  
415 South King Street  
Honolulu, Hawaii 96813

Re: S.B. No. 2360 relating to the Deposit Beverage Container Program

Dear Chair Gabbard, Vice Chair English, and Committee Members:

On behalf of the Hawaii Liquor Wholesalers Association ("HLWA"), we respectfully submit the following written testimony in opposition to S.B. No. 2360, relating to the deposit beverage container program, which is to be heard by your Committee Energy and Environment on February 2, 2010. S.B. No. 2360 would make wine and hard spirits subject to the deposit beverage container program. HLWA believes that S.B. No. 2360 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.

Honorable Mike Gabbard, Chair  
Honorable J. Kalani English, Vice Chair  
Committee on Energy and Environment  
February 1, 2010  
Page 2 of 2

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.

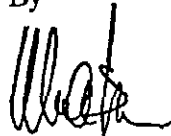
Finally, very few other U.S. jurisdictions impose deposit requirements on wine and spirits, meaning that wine and spirit makers and distributors would need to change their labels to accommodate the requirement of a tiny minority of jurisdictions. For example, California does not include wine and spirits 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.

For the foregoing reasons, we respectfully oppose S.B. No. 2360. Thank you for your consideration of the foregoing.

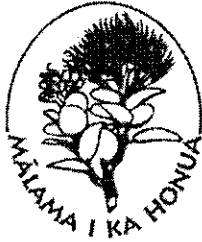
Very truly yours,

HAWAII LIQUOR WHOLESALERS ASSOCIATION

By

A handwritten signature in black ink, appearing to read 'Warren Shon', written over a horizontal line.

Warren Shon  
Its Vice President



# Sierra Club Hawai'i Chapter

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

**SENATE COMMITTEE ON ENERGY AND ENVIRONMENT**  
February 2, 2010, 3:30 P.M.

**(Testimony is 1 page long)**

## **TESTIMONY IN SUPPORT FOR SB 2360 WITH A PROPOSED AMENDMENT**

Aloha Chair Gabbard and Members of the Committees:

The Sierra Club, Hawai'i Chapter, supports SB 2360, 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 also strongly urge this Committee to consider amending this bill to require distributors to "take back" the bottles and cans they sell. Hawai'i is currently the only state with a bottle law that does not require grocery stores to 'close the loop' on recycling. Hawai'i should require that stores over a certain size (or over a certain sales threshold) provide redemption options.

*The single best way to ensure easy, convenient redemption for Hawaii's consumers is to mandate that grocery stores and retailers of a certain size take back the bottles and cans that they sell, just like every other deposit law state.*

Thank you for this opportunity to provide testimony.

**gabbard1 - Carlton**

---

**From:** Richard Kamis [kamii@hawaii.rr.com]  
**Sent:** Monday, February 01, 2010 10:22 PM  
**To:** ENETestimony  
**Subject:** Senate Bill 2360

SENATE COMMITTEE ON ENERGY & ENVIRONMENT;  
STATE CAPITOL, ROOM 225  
DATE: Tuesday, February 2, 2010

To: Senator Mike Gabbard; Committee Chair, Senator J. Kalani English; Committee Vice Chair,  
and Committee Members of the Energy an Environment Committee

**RE: Testimony Supporting Senate Bill 2360: Relating to the deposit beverage container program**

Dear Energy and Environment Committee:

We strongly support Senate Bill 2360: Relating to the deposit beverage container program including wine and hard spirits.

We urge your Committee to fully support this important issue. Encouraging the recycling of all glass and aluminum containers is desperately needed.

Respectfully,

Richard and Elizabeth Kamis  
2957 Kalakaua Avenue  
96815