

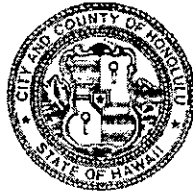
SB 2562

ENE/CPN

DEPARTMENT OF ENVIRONMENTAL SERVICES
CITY AND COUNTY OF HONOLULU

1000 ULUOHIA STREET, SUITE 308, KAPOLEI, HAWAII 96707
TELEPHONE: (808) 768-3486 • FAX: (808) 768-3487 • WEBSITE: <http://envhondolulu.org>

MUFI HANNEMANN
MAYOR



TIMOTHY E. STEINBERGER, P.E.
DIRECTOR

MANUEL S. LANUEVO, P.E., LEED AP
DEPUTY DIRECTOR

ROSS S. TANIMOTO, P.E.
DEPUTY DIRECTOR

IN REPLY REFER TO:
WAS 10-35

February 5, 2010

The Honorable Rosalyn H. Baker, Chair
and Members of the Committee on
Commerce and Consumer Protection
The Honorable Mike Gabbard, Chair
and Members of the Committee on
Energy and Environment
State Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chair Baker, Chair Gabbard, and Members:

Subject: Senate Bill 2562, Relating to the Deposit Beverage Container Program

The City and County of Honolulu's Department of Environmental Services (ENV) supports Senate Bill 2562, Relating to the Deposit Beverage Container Program, which requires retail dealers with more than 75,000 square feet of retail space to operate redemption centers. The continued success of the HI-5 beverage container deposit-recycling program depends on locating redemption centers convenient to the consumer. Retailers in other states have provided redemption centers for their customers for decades.

Since the start of the HI-5 program in 2005, Oahu has seen a significant jump in recovery rates for aluminum, glass, and plastic, but we estimate that millions of beverage containers are still going into the trash each year. Diverting waste from landfill is a top priority and necessitates increasing recycling in all programs.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy E. Steinberger".

Timothy E. Steinberger, P.E.
Director



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

Tuesday, February 9, 2010 @ 10:00 a.m. in CR 229

To: Senate Committee on Commerce & Consumer Protection
Senator Rosalyn H. Baker, Chair
Senator David Y. Ige, Vice Chair

Senate Committee on Energy & Environment
Senator Mike Gabbard, Chair
Senator J. Kalani English, Vice Chair

By: Richard C. Botti, President

SB 2562 RELATING TO THE DEPOSIT BEVERAGE CONTAINER PROGRAM

Chairs & Committee Members:

We suggest that Hawaii's Deposit Beverage Container Program has adequate experience to warrant a study to answer some important questions before making any changes in the program. The reason behind this statement is that we are convinced that the law creates inefficiency at a high cost, while avoiding analyzing better methods of accomplishing the goals of reducing waste and litter, creating a sustainability energy supply, and reducing landfills. Along with this statement comes an admission that the stubbornness of industry seven years ago helped create this situation when industry opposed expanding the ADF (Advance Disposal Fee) from glass packaging to all types of beverage containers. At the time, it would have cost an additional \$10 million dollars a year. We lost, and now the deposit beverage container program is costing about \$30 million a year and growing.

Before amending the current law, we should be asking like:

- Where is the glass going, and at what cost?
- Where is the plastic going, and at what cost?

There is little question that aluminum is the highest value package. We also know that it does not need a deposit for it to return to the system.

What's more important is this:

- The cost of recycling glass is greater than the value of the product when we have to ship it 2,500 miles at minimum to be recycled.
- We live in an oil field, yet we call it waste! We spend our resources trying to ban plastic, recycle plastic, and condemn it, when it has the same energy value as oil. Pound for pound, we are wasting a valuable resource.

We need to analyze both glass and plastic and create more effective, efficient methods of removing them from the waste stream. All we have to do is create convenient locations where consumers can separate their plastic waste and drop it off at a convenient location.

A major benefit of having tough times is that it encourages innovative thinking to improve efficiency and lower costs.

We should be recycling all plastics right here in Hawaii by turning it into energy, and a strategic energy reserve, since it will provide us with security in the event our imported oil is interrupted.

Plastic is now considered waste. Yet it has a higher Btu than coal. It can provide a reliable and clean source of energy. It doesn't make to bury it or recycle it.

Bruce Piasecki, David Rainey, Kevin Fletcher From American Scientists Magazine

Plastic waste is mounting, mostly in landfills, and our authors review current disposal strategies, which also include recycling and burning. Plastics, they note, can be a clean and potent source of energy when burned. The authors review the trade-offs involved in waste-to-energy combustion and argue that as pollution controls improve, the release of toxic emissions—primarily dioxins and heavy metals—can be minimized. They conclude that the risks are not as great as the public assumes and end by advocating an increase in waste-to-energy programs.

ENERGY TO BURN Because plastics are made from fossil fuels, you can think of them as another form of stored energy. Pound for pound, plastics contain as much energy as petroleum or natural gas, and much more energy than other types of garbage. This makes plastic an ideal fuel for waste-to-energy plants. Waste-to-energy plants burn garbage and use the heat energy released during combustion to make steam or electricity. They turn garbage into useful energy. So, should we burn plastics or recycle them? It depends. Sometimes it takes more energy to make a product from recycled plastics than it does to make it from allnew materials. If that's the case, it makes more sense to burn the plastics at a waste-to-energy plant than to recycle them. Burning plastics can supply an abundant amount of energy, while reducing the cost of waste disposal and saving landfill space.

Note: The above information was obtained from the Tennessee Solid Waste Educational Program.

We live in an oil field, yet we call it waste! Instead, we spend our resources trying to recycle plastic, ban plastic, and condemn plastic.

Pound for pound, we are wasting fuel.

The problem is also the solution.

The Energy Values Of Different Materials When Incinerated*

Material	**BTU per pound
Plastics	11,000 - 20,000
Rubber	10,000
Newspaper	8,000
Corrugated Boxes (paper)	7,000
Yard Wastes	2,500
Food Wastes	2,000
Average for MSW	4,500 - 4,800



*Source: Council on Plastics and Packaging in the Environment **BTU stands for British Thermal and is defined as the amount of heat required to raise the temperature of one pound of water one (Fahrenheit)

Material	Btu/(pound)
Plastics	
PET	10,900
HDPE	19,900
Other Plastic Containers	16,400
Other Plastics	17,900
Rubber	12,800
Newspaper	8,000
Corrugated Boxes	7,000
Textiles	9,400
Wood	7,300
Average for MSW	5,900
Yard Waste	2,900
Food Waste	2,900
Common Fuels	
Fuel Oil	20,900
Western Coal	9,500

Senator Rosalyn Baker, Chair
Senator David Ige, Vice Chair
Committee on Commerce and Consumer Protection

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

HEARING Tuesday, February 09, 2010
 10:00 am
 Conference Room 229
 State Capitol, Honolulu, Hawaii 96813



RE: **SB2562, Relating to the Deposit Beverage Container Program**

Chairs Baker and Gabbard, Vice Chairs Ige and English, and Members of the Committees:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii.

RMH strongly opposes SB2562. There is no compelling reason for this mandate; the Hawaii Deposit Beverage Container Program is successful, boasting the highest redemption rate in the nation.

Sanitation Concerns: Retailers should not be mandated to become garbage collectors; this is in direct conflict with the strict sanitation regulations required by the Department of Health. Consumers expect and retailers must provide the highest level of sanitation where food products are sold. Collecting and storing redeemed containers inevitably attracts pests, including roaches, rats and ants. Preventing food contamination and controlling vermin infestation would require retailers utilize poisons and insecticides, which could pose health risks for our employees and our customers.

Cost Concerns: Given the state of our economy, this is not the time to burden retailers with additional costs. For a retailer of this size, a workable redemption facility requires a minimum of 25 reverse vending machines. Added to the initial purchase price of the RVMs are employment costs to maintain the machines and security to prevent vandalism; electricity to operate the machines; and contract services to haul the redeemed containers off the property. These valuable resources should and must be allocated to retaining employees and their benefits, and avoiding layoffs.

The Program Success: According to the Department of Health's web site, the redemption rate "remains high at 79%." The recycling industry is to be commended for their considerable investment in developing a network of redemption centers that undoubtedly accounts for this high redemption rate. The impact of this mandate unquestionably will have a serious and detrimental financial impact on this industry as well as the many not-for-profit organizations, including Goodwill Industries that will lose a source of much-needed revenue.

Convenience: Finally, as curbside recycling programs expand to include other areas on Oahu, it is highly likely that the remainder of unredeemed containers will be captured. One cannot deny that curbside recycling is the **MOST CONVENIENT** option.

The members of the Retail Merchants of Hawaii respectfully urge you to hold SB2562. Thank you for your consideration and for the opportunity to comment on this measure.

Carol Pregill, President

RETAIL MERCHANTS OF HAWAII
1240 Ala Moana Boulevard, Suite 215
Honolulu, HI 96814
ph: 808-592-4200 / fax: 808-592-4202

GOODSILL ANDERSON QUINN & STIFEL

A LIMITED LIABILITY LAW PARTNERSHIP LLP

GOVERNMENT RELATIONS TEAM:
GARY M. SLOVIN
ANNE T. HORIUCHI
MIHOKO E. ITO
CHRISTINA ZAHARA NOH

ALII PLACE, SUITE 1800 • 1099 ALAKEA STREET
HONOLULU, HAWAII 96813

MAIL ADDRESS: P.O. BOX 3196
HONOLULU, HAWAII 96801

TELEPHONE (808) 547-5600 • FAX (808) 547-5880
info@goodsill.com • www.goodsill.com

INTERNET:
gslovin@goodsill.com
ahoriuchi@goodsill.com
meito@goodsill.com
cnoh@goodsill.com

MEMORANDUM

TO: Senator Rosalyn Baker
Chair, Committee on Commerce and Consumer Protection
Senator Mike Gabbard
Chair, Committee on Energy and Environment
Via Email: CPNTestimony@Capitol.hawaii.gov

FROM: Gary M. Slovin

DATE: February 8, 2010

RE: **S.B. 2562 – Relating to The Deposit Beverage Container Program**
Hearing: Tuesday, February 9, 2010 at 10:00 a.m., Room 229

Dear Chairs Baker and Gabbard and Members of the Committees:

I am Gary Slovin testifying on behalf of the Costco Wholesale Corporation. Costco has serious concerns regarding S.B. 2562, which requires retail dealers with more than seventy-five thousand square feet of retail space to operate redemption centers effective October 1, 2010.

To comply with this bill, Costco will have to choose between reverse vending machines or third party outdoor recycling centers. Both of these methods are problematic.

Reverse vending machines (“RVMs”) require a significant amount of money, maintenance, and space. Purchasing, maintaining, and repairing RVMs is very expensive; purchase alone costs tens of thousands of dollars per machine. Given the current economic climate—with both sales and margins down—the costs associated with RVMs would be a difficult burden to shoulder. In addition, all Costco warehouses are designed and constructed such that non-sales floor space is minimized, making placement of RVMs within the warehouses very difficult. Since RVMs must be located under a roof, outdoor placement would require the construction of awnings and the installation of power on the side of the buildings. Such placement could also increase the risk of injury on our premises.

February 8, 2010

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Outdoor recycling centers are equally problematic. As visitors to our locations statewide know, parking is at a premium in our lots. A recycling truck or booth alone would encumber six parking spots, with many more occupied by users both for parking and separation of bottles and cans. Currently, Costco Waipio has the exact number of parking spots required by the City—the presence of a recycling truck would put the Waipio location in violation of City requirements. Also, such outdoor recycling centers are often used as dump zones where recyclables and non-recyclables are dumped regardless of whether a worker is on duty.

An additional concern is that Costco is open only to members. S.B. 2562 is ambiguous as to whether Costco would be required to accept recycling from non-members. Store policy dictates that non-members are not allowed into the building, so vouchers for redeemed bottles and cans could not be redeemed for cash in our stores by non-members. In addition, non-members using parking spaces to redeem bottles and cans will be occupying parking stalls that exist for the benefit of paying members.

Costco works hard not only to enable Hawai'i residents to purchase goods and services at low cost, but also to be a good and responsible corporate neighbor within our local communities. In 2009, Costco locations on Oahu employed a total of 1,352 people, over 50% fulltime. Each year, Costco in Hawai'i recycles a tremendous amount of cardboard, plastic wrap, grease, meat trimmings, tires, and automotive batteries. In addition, Costco donates many thousands of dollars in food and cash to local non-profits each year.

We understand that the intent of S.B. 2562 is to increase the convenience for consumers to participate in the Deposit Beverage Container Program. However, we do not believe this added requirement for Costco and other large retailers is necessary, particularly as the Deposit Beverage Container Program—after only four years of implementation—already has an impressive diversion rate of 79% for fiscal year 2009,¹ a mere one percent shy of its stated target rate of 80%.² For these reasons, we respectfully oppose S.B. 2562 and request that it be held.

¹ Press Release, Department of Health, HI-5 Recycling Program Redemption Rate Climbs; No Container Fee Increase (July 31, 2009), *available at* <http://hawaii.gov/health/environmental/waste/sw/hi5/pressreleases.html>.

² See Department of Health, 2009 REPORT TO THE LEGISLATURE, at 2 (Nov. 2008), *available at* <http://hawaii.gov/health/environmental/waste/sw/hi5/rulesregs.html>.



**To: Senator Mike Gabbard, Chairperson
Senator J. Kalani English, Vice Chairperson
Committee on Energy & Environment (ENE)**

**To: Senator Rosalyn H. Baker, Chairperson
Senator David Y. Ige, Vice Chairperson
Committee on Commerce and Consumer Protection (CPN)**

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

Date: Tuesday, February 9, 2010, 10am, Conference Room 229

Re: Opposition to SB2562

We strongly **OPPOSE** SB2562.

We are very concerned that the mandate that would require stores greater than 75 thousand square feet to operate redemption centers would seriously affect the current redemption centers abilities to survive.

- Current redemption rates show that the redemption center model is highly effective. The April '08 Ward Research report for the DOH showed that 65 % of all redeemers travel 3 miles or less, and 81 % travel 5 miles or less to reach a redemption center. Since this survey, over twenty new redemption centers have been added to the redemption system to further increase customer convenience.
- At least 89% of all redeemers in the Ward Research Report were satisfied to very satisfied with the wait and processing times. Experience shows that you will normally spend more time waiting at the bank or post office than at most redemption centers.
- With over 130 Certified Redemption Centers in the State, Hawaii has more redemption centers per capita than California, which has had a bottle deposit law since 1987.
- This change to force big-box stores to redeem is not likely to increase redemption. The only proven way to increase redemption is to raise the deposit value. Michigan at a 96.9% redemption rate, and Germany at almost 100% redemption, are examples of this, as they have deposits of 10 to over 25-cents per container.
- Hawaii's law already requires "dealers" to operate redemption centers if there is no certified redemption center within a two-mile radius. All bottle deposit law states allow independent redemption centers. Nine of 11-bottle deposit law states allow redemption centers to handle redemption for stores. The reality is that in these nine states, redemption centers have been handling the deposit beverage programs for their various states. Hawaii is part of this majority that has a successful deposit program. Hawaii's program is being looked at by other states as they consider how to improve their programs. Let's not look back to states that have programs that are not as successful as Hawaii's.

Hawaii's 2009 Redemption rate was 79% (Fiscal year). In actuality, many months of last year were well over 80% redemption rate. Hawaii is the **ONLY** deposit beverage law state that has ever achieved this rate of redemption in such a short period.

The system is working, and working well. Let's not change a system that is already doing an excellent job.

We do not need the changes that SB2562 will require. Please do not pass this unnecessary legislation.

Thank you,

A handwritten signature in black ink, appearing to read "Terry G. Telfer".

Terry G. Telfer, President
Reynolds Recycling, Inc.