

STAND. COM. REP. NO. 1584

Honolulu, Hawaii

April 8, 2011

RE: S.B. No. 1363  
S.D. 2  
H.D. 2

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1363, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENVIRONMENTAL PROTECTION,"

begs leave to report as follows:

The purpose of this bill is to protect Hawaii's environment and address the inherent economic and environmental costs associated with the use of disposable checkout bags. Specifically, this measure, among other things:

- (1) Requires all businesses in the State to charge and collect a five cent fee, not subject to the General Excise Tax, for each single-use checkout bag provided to customers;
- (2) Permits businesses to retain 20 percent of the fees collected as revenue subject to income taxes;
- (3) Provides penalties for businesses that violate the provisions of the non-reusable checkout bag fee law; and
- (4) Preempts county ordinances regulating single-use checkout bags other than ordinances in effect prior to the effective date of this bill.

SB1363 HD2 HSCR FIN HMS 2011-3701



The Hawaii Chapters of the Surfrider Foundation, Surfrider Foundation-Maui Chapter, Times Supermarket, Environmental Law Society of the William S. Richardson School of Law, and numerous concerned individuals supported this bill. The American Chemistry Council and a concerned individual opposed this measure. The Department of Health (DOH), County of Maui Department of Environmental Management, Sierra Club-Hawaii Chapter, Safeway, Hawaii Food Industry Association, Retail Merchants of Hawaii, Windward Ahupuaa Alliance, and several concerned individuals provided comments.

Your Committee has amended this bill by:

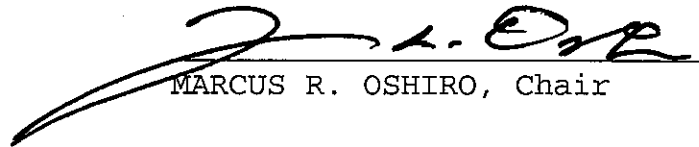
- (1) Increasing the per bag fee from five cents to ten cents;
- (2) Permitting businesses to provide single-use checkout bags to customers participating in federally-approved nutrition assistance programs, including the Supplemental Nutrition Assistance Program and Special Supplemental Nutrition Program for Women, Infants, and Children;
- (3) Imposing the General Excise Tax on the 20 percent of the fee that businesses retain;
- (4) Specifying that the fees will be remitted on the last day of each month rather than the 15<sup>th</sup>;
- (5) Inserting a definition of "small business" and permitting small businesses to remit the fees on a quarterly basis;
- (6) Specifying that any proprietary information obtained by DOH is confidential and not to be disclosed;
- (7) Directing an initial unspecified amount of the fees collected by DOH into a special account to cover the expenses and administration of the non-reusable checkout bag fee law;
- (8) Repealing a business's right to retain 20 percent of the fees one year after the implementation of the law;
- (9) Changing its effective date to July 1, 2030, to encourage further discussion; and



- (10) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1363, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1363, S.D. 2, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,



MARCUS R. OSHIRO, Chair



