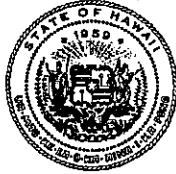


SB 1134

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



LORETTA J. FUDDY, A.C.S.W., M.P.H.
ACTING DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
S.B. 1134, RELATING TO THE DEPOSIT BEVERAGE CONTAINER PROGRAM

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Acting Director of Health

February 3, 2011
2:45 P.M.

1 **Department's Position:** The Department of Health supports the intent of this bill with reservations.

2 **Fiscal Implications:** Undetermined

3 **Purpose and Justification:** This bill proposes to increase convenience of the deposit beverage
4 container program for consumers by requiring certain retailers with greater than 75,000 of interior space
5 to offer redemption services if the redemption ratio drops below an average of 75% for eight consecutive
6 quarters.

7 The Department of Health supports the intent of this bill to increase the number of certified
8 redemption centers available to the public. However, the Department finds the proposed changes to be
9 intensive and expects them to be difficult to administer given the potential for requirements to change
10 depending on redemption activity. We suggest that if this measure moves forward, requirements on
11 beverage dealers with more than 75,000 square feet be simplified.

12 Thank you for the opportunity to testify on this measure.

13

14

HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)
1050 Bishop St. Box 235
Honolulu, HI 96813
Fax : 808-791-0702
Telephone : 808-533-1292

DATE: Thursday, February 3, 2011 TIME: 2:45 p.m PLACE: CR 225
TO: COMMITTEE ON ENERGY AND ENVIRONMENT

Senator Mike Gabbard, Chair; Senator J. Kalani English, Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair; Senator Brian T. Taniguchi, Vice Chair
FROM: Hawaii Food Industry Association - Lauren Zirbel, Government Relations

RE: SB 1134 Relating to the Deposit Beverage Container Program

Chairs & Committee Members:

The Hawaii Food Industry Association opposes this bill.

Retailers should not be mandated to become garbage collectors. This is unsanitary and costly.

According to the Department of Health's web site, the redemption rate "remains high at 73%." The recycling has made a considerable investment in developing a network of redemption centers that undoubtedly account for this high redemption rate. This retailer mandate will have a devastating impact on their business.

Collecting and storing redeemed containers 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.

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 from 10 to 15 reverse vending machines. Of greater impact are on-going operating costs: 1) permitting and retrofitting construction costs; 2) staffing to empty and clean the machines; 3) electricity to operate the machines; 4) security to prevent malicious damage; and 5) 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.**

Thank you for the opportunity to provide testimony.

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

Senator Rosalyn Baker, Chair
Senator Brian Taniguchi, Vice Chair
Committee on Commerce and Consumer Protection



HEARING Thursday, February 03, 2011
 2:45 pm
 Conference Room 225
 State Capitol, Honolulu, Hawaii 96813

RE: SB1134, Relating to the Deposit Beverage Container Program

Chairs Gabbard and Baker, Vice Chairs English and Taniguchi, 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 SB1134. There is no compelling reason for this mandate; the Hawaii Deposit Beverage Container Program is successful, boasting one of the highest redemption rates in the nation.

According to the Department of Health's web site, the redemption rate "remains high at 76%." 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.

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.

Beverage containers make up 1% of the waste stream. The 24% of containers that are not recycled account for .0024% of this waste stream. Does this miniscule amount warrant the huge cost impact of this legislation on both retail and recycling industries?

As for consumer convenience: Page 13 of the Department of Health's 2010 report to the Legislature lists a total of 42 complaints for FY2009, a number which by their admission has steadily declined. Considering our Oahu population of almost 800,000, convenience or other concerns do not appear to be issues for our residents.

The members of the Retail Merchants of Hawaii respectfully urge you to hold SB1134. Thank you for your consideration and for the opportunity to comment on this measure.

A handwritten signature in cursive script, appearing to read 'Carol Pregill'.

Carol Pregill, President

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



Sierra Club Hawai'i Chapter

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

SENATE COMMITTEE ON ENERGY AND ENVIRONMENT SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

February 3, 2011, 2:45 P.M.
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 1134

Aloha Chair Gabbard, Chair Baker, and Members of the Committees:

The Sierra Club, Hawaii Chapter, with 8,000 dues paying members and supporters statewide, *supports* SB 1134. This measure would require large, "big box" retailers to take back the bottles and cans they sell if the State's recycling rate drops below 75%.

For several years now, the public and the retailers have fought over whether grocery stores should be a part of Hawai'i's waste solution and be required to take back the bottles and cans they sell, just like every other deposit law state.

Residents have rightfully complained about the cumbersome redemption process, with infrequent redemption centers and spotty hours of operation (and service). A recent Department of Health study indicated 29% of respondents would prefer to redeem their containers at stores or the place where the bottles were bought. To this end, 27% of respondents complained in a recent study that it was "too much of a hassle" to redeem containers. "When respondents were asked how much of the redemption center they normally use changed in the past year, 66% of them said that it worsened a little.

We believe this bill is an acceptable compromise. It is strictly performance-based. If Hawai'i's recycling rates stay at a reasonably high level, then recyclers can continue to sell beverage containers and avoid being a part of the solution. But if recycling rates fall, then large retailers will automatically be asked to play a role in the beverage container program by providing easy, convenient recycling -- just as they do in the other bottle law states where they operate.

We respectfully ask for the Committees to move this bill forward. Mahalo for the opportunity to testify.

GOODSILL ANDERSON QUINN & STIFEL

A LIMITED LIABILITY LAW PARTNERSHIP LLP

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

FROM: Gary M. Slovin/Tom Burba

DATE: February 2, 2011

RE: **S.B. 1134 – Relating to the Deposit Beverage Container Program**
Hearing: Thursday, February 3, 2011 at 2:45 p.m., Room 225

Dear Chairs Gabbard and Baker and Members of the Committee on Energy and Environment and Commerce and Consumer Protection:

I am Tom Burba testifying on behalf of the Costco Wholesale Corporation. Costco **opposes** S.B. 1134, which requires certain retail dealers with more than seventy-five thousand square feet of interior space to operate redemption centers within one year of a governor's publication of a notice declaring that the statewide redemption rate for the preceding eight quarters has fallen below 75%. If the redemption rate falls below 75% in subsequent measurement periods, then larger retailers are required to resume operating redemption centers within six months of the governor's publication notice.

Costco has several serious concerns with this measure. First, subjecting retailers to the unpredictable system proposed in S.B. 1134 would impose extremely high costs on retailers. To comply with this bill, each time the statewide redemption rate falls below 75% during the preceding eight quarters, Costco will have to operate a redemption center in each of its locations. Costco would be required to choose between reverse vending machines or third party outdoor recycling centers. Both of these methods are problematic, particularly because of cost, maintenance, and space concerns.

Purchasing, maintaining, and repairing reverse vending machines ("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

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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.

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.

A second concern is that Costco is open only to members. S.B. 1134 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.

Third, adopting and implementing S.B. 1134 would cost jobs and undermine the established, demonstrably effective recycling system in the State. In fact, the Deposit Beverage Container Program—after only five years of implementation—already has an impressive diversion rate of 76% for fiscal year 2010,¹ only four percent shy of its stated target rate of 80%.² Additionally, consumer complaints regarding the Deposit Beverage Container Program dropped by 52% from 31 total complaints in FY08 to 11 total complaints in FY09.³

¹ Press Release, Department of Health, HI-5 Recycling Program Redemption Rate Remains High at 76 Percent; No Container Fee Increase (August 4, 2010), *available at* <http://hawaii.gov/health/about/pr/2010/10-045.pdf>.

² See Department of Health, 2010 REPORT TO THE LEGISLATURE, at 2 (Dec. 2009), *available at* <http://hawaii.gov/health/environmental/waste/sw/hi5/support/2010ReportToLeg.pdf>.

³ *Id.* at 13 (Table 12: Complaints in FY09), *available at* <http://hawaii.gov/health/environmental/waste/sw/hi5/support/2010ReportToLeg.pdf>.

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Finally, it is important to note that 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. Also, Oahu Costco locations are working with the City & County of Honolulu to develop and implement a store-wide recycling awareness program that will debut later this spring. The purpose of the program is to educate consumers about how products—and product packaging—can be properly recycled or otherwise disposed of on the island.

We understand that the intent of S.B. 1134 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. For the reasons stated above, we respectfully oppose S.B. 1134 and request that it be held.