

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

LATE

In reply, please refer to:
File:

SENATE COMMITTEE ON WAYS AND MEANS

S.B. 1363 S.D.1, RELATING TO ENVIRONMENTAL PROTECTION

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

**February 25, 2011
9:00 a.m.**

1 **Department's Position:** The Department of Health supports the intent of this measure to reduce
2 plastic bag waste, with reservations about this bill as written.

3 **Fiscal Implications:** The bill imposes substantial administrative duties on the department with few
4 resources. The added cost to the department is estimated to be \$1,000,000. This bill allows businesses to
5 retain 25 percent of the offset fees collected as revenue subject to income tax but exempt from excise
6 tax. The handling of the offset fee and monthly reporting to the department also imposes an additional
7 burden on stores.

8 **Purpose and Justification:** This bill requires businesses having a gross annual income of \$500,000 or
9 more to charge a 25 cent "offset fee" for each non-reusable checkout bag provided to their customers.
10 Recipients of WIC program and SNAP food subsidies are exempted from the fee. Stores must state the
11 offset fee separately and prominently on any record of sale, and submit monthly 75 percent of fees
12 collected to the department. Of this amount, the department is to deposit 70 percent into the general fund
13 and 30 percent to a special account for administration, enforcement, outreach and education, and to fund
14 litter cleanups. Businesses may retain 25 percent of fees collected as taxable revenue.

1 The department generally supports the reduction of solid waste, litter, and the use of petroleum
2 resources. The reduction of plastic bag waste through disincentives is a prudent idea.

3 The measure attempts to set a minimum statewide fee-based standard for non-reusable checkout
4 bags. Plastic bag reduction ordinances for both Kauai and Maui County just took effect in early January
5 2011. We note the potential of any state law conflicting with the existing county programs. The County
6 of Hawaii has attempted to pass a similar ordinance without success and may be reconsidering the issue
7 soon.

8 The department would require new staff and resources in order to process payments and receipts
9 of fees from affected businesses in the state, and conduct outreach and education. The measure also
10 requires the department to enforce the law, which may duplicate the current enforcement role of counties
11 with applicable non-reusable checkout bag ordinances. In addition, the department will have to evaluate
12 any claims of undue hardship, and manage requests from community groups and/or landowners who
13 wish to host litter cleanup events. The department would issue contracts with the counties to conduct
14 litter cleanups. We estimate the annual department costs to implement this bill as follows:

- 15 1) Community outreach, education, litter cleanups = \$350,000;
- 16 2) Rulemaking and implementation (i.e., monitoring, inspections, enforcement) = 6 FTE =
17 \$550,000; and
- 18 3) Annual audit = \$100,000.

19 Therefore, the total cost per year is \$1,000,000.

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

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LATE



Senator David Ige, Chair
Senator Michelle Kidani, Vice Chair
Committee on Ways and Means

State Capitol, Honolulu, HI 96813

HEARING Friday, February 25, 2011
 9:00 am
 Conference Room 211

RE: **SB 1363, SD1, Relating to Environmental Protection**

Chair Ige, Vice Chair Kidani, and Members of the Committee:

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 supports SB1363, SD1, which requires businesses to collect a 25 cent off-set fee for the distribution of every non-reusable checkout bag.

Undeniably, this proposal is a practical, viable and manageable option to an outright ban on single-use checkout bags and places the responsibility for the careless discard and misuse, or the wise re-use and management, of these items on the ultimate consumer. Hawaii's retailers unquestionably support the broadest use of reusable tote bags as the ultimate solution for the environment, and have been proactive in providing these for our customers. However, we do know that consumers' acceptance and use of reusable bags will not be universal, affordable or practical at all times. This measure allows us to provide options as demanded by our customers.

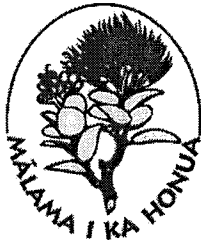
We respectfully offer the following comments:

1. Non-reusable checkout bag: this definition should be expanded to include all **single-use bags**: paper, plastic, compostable and biodegradable.
2. Business records: Retail is a highly competitive industry. Since internal operations such as purchases are **propriety information**, we request language that would assure absolute confidentiality should the Department of Health request an inspection of these records.
3. Preemption: With the Big Island contemplating a plastic bag ban, and the Counties of Maui and Kauai already enforcing a likewise ban, this measure will add a fourth and different set of regulations with which business must comply. Multiple regulations undoubtedly increase administrative and product costs, all of which are passed on to the consumer. A **single state-wide statute** would reduce consumer confusion and allow companies to employ economies of scale to lower operational costs. As an incentive to the counties, a distribution of their pro rata share of the fees collected would support their recycling and consumer education programs.

We respectfully request your consideration of our comments and look forward to continuing the dialogue, the result of which will be meaningful legislation that will provide positive impact on the environment. Thank you for your attention and for the opportunity to comment on this measure.

Carol Pregill, President

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Sierra Club Hawai'i Chapter

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LATE

SENATE COMMITTEE ON WAYS AND MEANS

February 25, 2011, 9:00 a.m.
(Testimony is 3 pages long)

TESTIMONY IN STRONG SUPPORT OF SB 1363 SD1

Aloha Chair Ige and Members of the Committee:

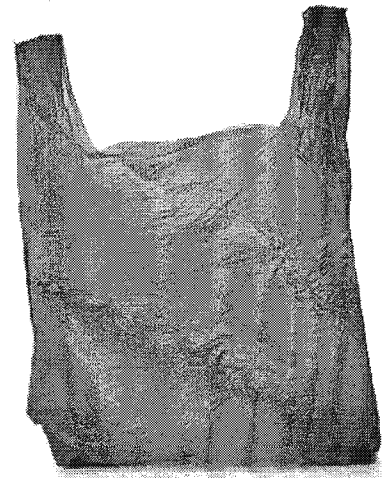
The Hawai'i Chapter of the Sierra Club **strongly supports** SB 1363 SD1, which creates an offset fee for the use of all single use bags (whether paper or plastic) and incentivizes retail stores to encourage the use of less-harmful bags. An offset fee smartly creates a direct market reflection of the actual economic and environmental costs created by the abuse of single-use bags in Hawai'i.

Single use bags simply are not in Hawai'i's sustainable future and strong efforts should be made to discourage their continued use.

I. Reducing Our Opala Problem.

Hawai'i is faced with a solid waste crisis. The proliferation of single use bags directly contributes to this problem. They tax our economy and environment when they are littered or placed in our overflowing landfills. For example, a recent study conducted in Seattle concluded -- even with a high 13% recycling rate (greater than the national average of 3-5%) -- approximately 1,650 tons of plastic bags were put into the landfill annually.¹ The net cost to Seattle and ratepayers of collecting, transferring and disposing of waste was calculated to be approximately \$121 per ton or approximately \$200,000 for plastic grocery bags.

Even if these bags are burned at H-POWER (only on O'ahu), they are essentially converted to greenhouse gasses, further hastening global climate change, and ultimately not addressing the



¹ See Alternatives to Disposable Shopping Bags and Food Service Items, available at <http://www.ci.seattle.wa.us/util/Services/Recycling/Reduce, Reuse & Exchange/ProposedGreenFee/index.htm>

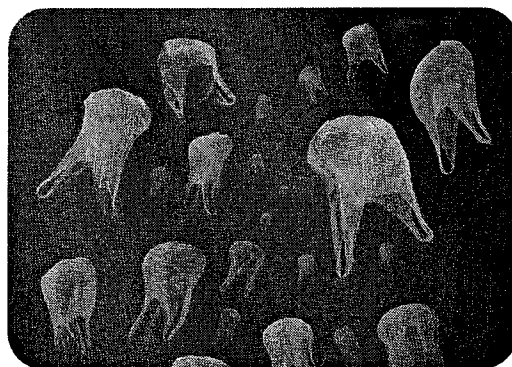
root of the problem. Similarly, with nearly 40% of the State's solid waste-stream able to be diverted from disposal at the landfill, plastic bags pose the single-most significant challenge to composting facilities, contaminating the compost, getting wrapped in the splines of processing equipment, and reducing the value of the compost product.

II. Consumers Already Indirectly Pay for Single Use Bags.

"Free" single use bags are an expense that is typically not directly visible by customers. Retailers spend hundreds of millions of dollars annually to provide single-use bags to customers. For example, supermarkets can spend up to \$1,500 to \$6,000 a month just to provide single-use bags to their customers at the check-out.² Even major retailers such as Target and CVS are realizing this significant cost burden and are offering discount incentives to customers who bring their own bags.³

The cost of purchasing tens of millions of bags in Hawai'i annually is most certainly passed on to local consumers, but it is not a visible cost and, thus, normal market controls do not take place. As with anything "free," we tend to take advantage of the ready supply plastic bags without considering the indirect costs.

It should be noted that two highly successful businesses in Hawai'i -- Costco and Wholefoods -- do not offer their customers plastic bags. These businesses are flourishing. The switch by Wholefoods alone kept 100 million plastic bags out of the environment between April 22, 2008 and the end of 2008.



III. Single Use Bags Tax Our Environment.

Single use bags contribute to litter and pose a threat to avian and marine life in Hawai'i -- the endangered species capitol of the world. As noted by NOAA,⁴ plastic photo-degrades -- breaking down into smaller and smaller pieces due to exposure to solar UV radiation. However, when in water plastic does not get direct sunlight exposure, therefore breakdown happens much more slowly in the aquatic environment. So far as we know, plastics do not ever fully "go away," but rather break down into smaller and smaller pieces, sometimes referred to as microplastics.

² Downing, J. "Free Grocery Bags Targeted for Extinction in California," *Sacramento Bee*, Aug. 25, 2008. Estimates from bag manufacturers and the Food Marketing Institute. Available at http://www.roplast.com/documents/Free_grocery_bags_targeted_for_extinction_in_California_-_Sacramento_Politics_-_California_Politics_Sacramento_Bee.pdf.

³ Horovitz, B. "Target, CVS Put Plastic Bags in the Bull's-Eye, Pay for Reusables," *USA Today*, Oct. 19, 2009.

⁴ See <http://marinedebris.noaa.gov/info/plastic.html>

Plastics also have the potential to adsorb contaminants from the marine environment and carry these contaminants through the food chain. Plastic debris attracts and accumulates hydrophobic organic toxins such as PCBs (polychlorinated biphenyls) up to 100,000-1,000,000 times ambient seawater concentrations. These toxins can then bioaccumulate up the food chain, where they directly impact human health.

IV. Potential Revenue Gain

Assumed Facts:

De facto population total as of 2009: 1,391,017⁵
 Number of plastic bags used per person: 500



Calculations:

(Total bags x (fee - 25% to retailer) x percentage bags sold)

De facto Population	Bags Consumed per Person, per Year	Annual Plastic Bag Consumption	At 50% Bag Reduction, Annual Tax Revenue	At 60% Bag Reduction, Annual Tax Revenue	At 70% Bag Reduction, Annual Tax Revenue	At 80% Bag Reduction, Annual Tax Revenue	At 90% Bag Reduction, Annual Tax Revenue
1391017	500	695508500	\$65,203,922	\$52,163,138	\$39,122,353	\$26,081,569	\$13,040,784

We hope you will move this measure forward. Thank you for the opportunity to testify.

⁵ De facto population is defined as the number of persons physically present in an area, regardless of military status or usual place of residence. It includes visitors present but excludes residents temporarily absent, both calculated as an average daily census. Available at <http://hawaii.gov/dbedt/info/economic/databook/db2009/>

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LATE

SENATE COMMITTEE ON WAYS AND MEANS

Feb 25, 2011, 9:00 am
(Testimony is 3 pages long)

TESTIMONY IN FAVOR OF SB 1363

Aloha Chair Ige Members of the Committee:

My name is Joy Leilei Shih and I am a marine biogeochemist graduate student researcher in Oceanography at the University of Hawai'i at Manoa. I received my Master of Advanced Studies in Marine Biodiversity and Conservation from Scripps Institution of Oceanography in La Jolla, CA in 2008. I have had the privilege of being trained by, working with, and discussing anthropogenic pressure on the oceans with top marine scientists and conservation experts.

That plastic pollution is harmful to the marine environment is not up for debate. Large accumulations of plastic debris have been identified in all five major oceanic gyres, carried by the major ocean currents. Inefficient and improper disposal of trash supplies these hundreds of millions of square miles affected by this phenomenon. In Hawai'i, each resident produces on average at least 6.2 lbs of opala each day. It is estimated that only a few percent of plastic shopping bags are ever recycled. The recent overflow from landfill only serves to illustrate that much of our refuse is not successfully sequestered. Plastics do not degrade but only break down and remain in the environment for a minimum of years to a more likely thousands of years. In reality, plastic does not ever truly degrade but only breaks down into small enough particles to enter the food chain, including the human seafood diet.

Plastics affect every size of marine life, from its incorporation into microscopic phytoplankton, to its ingestion by the largest marine mammals. Sea birds and sea turtles are sadly common victims of being entangled in or ingesting plastic. However, even large marine mammals are not immune, as evidenced by events such as the seven sperm whales that washed up in Fioggia, Italy in 2009, having died from ingesting large amounts of plastic, as did a gray whale in Seattle in April of last year. These are only examples of many more.

Estimates range from 100 million to one billion marine animals, including fish and invertebrates, are killed each year due to plastic debris in the ocean. Included in this are 1 million seabird deathsⁱ and 100,000 marine mammals such as seals and whalesⁱⁱ. In 2007, University of Queensland researchers found that plastic bags are

the biggest killer of sea turtles.ⁱⁱⁱ Currently, it is estimated that there are 100 million tons of plastic in oceans around the world. It is expected that another 60 billion pounds will be produced this year alone.

12 million barrels of oil are required to produce the 100 billion plastic bags that Americans use each year, including the 300 million plastic bags used in Oahu alone. Reducing the amount of plastic bags produced would help reduce the growing pressure of our reliance on fossil fuels.

Plastic debris also acts as hosts for invasive species, carrying them to other regions of the ocean. Extensive scientific studies have described and confirmed these “hitchhikers”.

As the ocean is arguably Hawai`i’s most valuable resource, being part of the solution can only be considered kuleana to our culture, our islands, and ourselves.

In 2002 Ireland placed a twenty-two cent fee on all plastic bags. Known as the PlasTax, the fee was explicitly designed to change consumers’ behavior and accomplished amazing results. The use of plastic bags in Ireland dropped by more than 90 percent. The fee also raised approximately 3.5 million Euros in extra revenue that was earmarked for environmental projects.

In Washington D.C., simple 5 cent tax--with revenues going towards an environmental cause voters rallied around—resulted in consumer behavior changing for the better, with a 85% decrease in plastic bags used.

As of November 2010, the decrease in plastic bag usage due to China’s plastic bag ban has kept 100 billion plastic bags out of the trash, and it is estimated that it will save China 37 million barrels of oil every year.

Maui and Kauai counties have taken the lead in plastic bag policy in Hawai`i with plastic bag bans already in place. Hawai`i would be the first state in the nation with a statewide policy for addressing plastic bags, an opportunity to telegraph to the world that Hawai`i is serious about reigning in plastic debris and its detrimental impacts. In anticipation of the APEC meeting to be hosted in Honolulu in November of this year, the state can be proud of passing such a significant piece of environmental policy, just like the much-lauded Bottle Law of 2002. This is pro-environmental policy that would have no impact on the state budget.

SB 1363 states that beginning on July 1, 2012, any business having a gross annual income of \$500,000 or more shall charge and collect an offset fee of 25 cents for each non-reusable checkout bag provided to a customer. The fee does not apply to plastic bags used for the transport of raw meat, poultry, flowers and other damp items, bulk foods without packaging, fresh produce, live animals, newspapers, dry-cleaning and the like.

I respectfully request that the fee be reduced to 15 cents, and that the business be allowed to retain 5 cents as an incentive. I also respectfully suggest that 1/3 (5 cents) of the offset fee go to the Department of Health, and the remaining 5 cents go into the general fund.

I also respectfully request that language is included to apply this fee to whatever disposable, single-use checkout bags that are distributed at the point of sale in Maui and Kauai counties which are not already covered in their plastic bag bans.

I am available to help refine such a policy that would be most beneficial to the State of Hawai'i. Please do not hesitate to draw upon my time and effort, and fellow researchers and expert resources at my disposal in this opportunity to move forward.

I respectfully ask that this committee advance this measure.

Mahalo for the opportunity to testify.

Joy Leilei Shih

ⁱ United Nations Environment Programme (UNEP), 2005. Marine Litter, an analytical overview.

ⁱⁱ Wallace, N. 1985. Debris entanglement in the marine environment: A review. Pp. 259-277. In: R.S. Shomura, H.O. Yoshida (eds.) Proceedings of the Workshop on the Fate and Impact of Marine Debris 27-29 November 1984, Honolulu, Hawaii, July 1985. NOAA-TM-NMFS-SWFC-54.

ⁱⁱⁱ <http://www.sciencealert.com.au/news/20081403-17043-2.html>

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 25, 2011 11:55 AM
To: WAM Testimony
Cc: swartzg001@hawaii.rr.com
Subject: Testimony for SB1363 on 2/25/2011 9:00:00 AM

LATE

Testimony for WAM 2/25/2011 9:00:00 AM SB1363

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: gregory swartz
Organization: Individual
Address:
Phone:
E-mail: swartzg001@hawaii.rr.com
Submitted on: 2/25/2011

Comments:

Let me start off by saying that I do most of my shopping at COSTCO and load my car directly from the grocery cart at the store and offload groceries, etc. at home with my own carts and bags. I try to do the same at other stores.

However, I object to this bill because although it is being sold as an environmental protection measure, this is not the true purpose of the bill. In fact, as with global warming, many of the claims by environmentalists such as the floating garbage piles are pulled out of thin air. The bill is really a tax bill, with most of the tax going to the State and the remainder going to the businesses who will receive a major windfall allowing them to charge for plastic and paper bags an amount that far exceeds the businesses' costs. What was once free bags will become bags sold at an outrageous profit set by the State. Of course, retailers support these bills because they see a cash cow.

If a 5 cent tax for a regular plastic bag in D.C. works, why not do the same here. Also, the prices being charged for re-usable bags by many retailers here are outrageous. Re-usable bags are being sold for \$4.99 and more complete with the retailer's logo. Of course, the bags are just plastic that looks like fabric and cost well under a \$1.00 each. The amount retailers charge for re-usable bags should be regulated to protect consumers.

I also object to the bill because it will relief Neighbor Island shoppers from paying taxes to the State. This is unfair. I also object to relieving certain classes of people from the tax. Their use of plastic and paper bags causes the same alleged damage to the environment as the rest of us and they should learn to use re-usable bags and carts the same as everyone else.

Finally, paper and plastic bags are better used as fuel for H-power.

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 24, 2011 4:16 PM
To: WAM Testimony
Cc: dung.beetle.industries@gmail.com
Subject: Testimony for SB1363 on 2/25/2011 9:00:00 AM

LATE

Testimony for WAM 2/25/2011 9:00:00 AM SB1363

Conference room: 211
Testifier position: support
Testifier will be present: No
Submitted by: Loki Moss
Organization: Individual
Address:
Phone:
E-mail: dung.beetle.industries@gmail.com Submitted on: 2/24/2011

Comments:

To acknowledge scientific facts is pono. You will undoubtedly hear testimony from scientists and I encourage you to respect their observations and data.

Use those facts to act with aloha'aina.

I would like to emphasize that there are many sustainable alternatives to plastic bags. A simple google search will yield a wealth of information and ideas.

Passing this bill would demonstrate a shift away from disposable and toxic lifestyles and be a proactive measure toward sustainability.

Although there will be probably be those that complain of the inconvenience. I would like to state that bringing a reusable bag is not to much to ask of people.

As leaders you should recognize that enabling selfish and shortsighted behaviors will not bring about the changes we need in order to live in balance with the earth on this island.

Also, there are opportunities here to create local reusable bags and containers. Which could create local jobs, particularly if those reusable bags were made out of local materials.

It is your choice who to listen to. My question is, are you going to lead us to a sustainable, healthy and prosperous future or coddle us until this whole island is a toxic landfill?

The choice really is that simple.