

January 29, 2012

Testimony in OPPOSITION to HB1696

RELATING TO SPECIAL WASTES DISPOSAL AND RECYCLING

Presented to the House Committee on Transportation

At the public hearing 9 a.m., Monday, January 30, 2012
in Conference Room 309, Hawaii State Capitol

Submitted by David H. Rolf, for the Hawaii Automobile Dealers Association
Hawaii's Franchised New Car Dealers

Chair Souki, Vice Chair Ichiyama and members of the committee,

I'm David Rolf, representing Hawaii's franchised new car dealers.

Auto dealers are not opposed to recycling.

The auto industry has the highest percentage of recycling.

This bill's used tire \$25 deposit fee, however, seems to be a new concept; we could find no reference to such a deposit fee in the U.S. and only one reference in Canada.

This measure requires that each tire retailer shall:

"Accept, at the point of transfer, in a quantity at least equal to the number of new motor vehicle tires purchased by a customer, used motor vehicle tires offered by the customer.

If a used motor vehicle tire is not exchanged at the time of sale, collect a \$25 deposit on the new tire; provided that:

(A) The deposit shall be returned to the customer when the customer delivers a used motor vehicle tire within thirty days of the date of sale;

(B) All funds received by a seller as a deposit on a motor vehicle tire shall be held in trust and separately accounted for by the seller. Any interest on those funds shall inure to the benefit of the seller. Annually on July 1, all deposits not returned to customers in exchange for used motor vehicle tires during the previous year ending June 30, shall inure to the benefit of the seller."

The bill is unclear in many respects:

- 1) without a preamble to the bill, it is unclear as to why the bill is needed.
- 2) since there is no exemption for new tires on new vehicles sold, the deposit only becomes an additional expense for the customer who doesn't have 4 tires to trade in.

- 3) rental car companies who purchase new cars don't provide trade-ins, for example, so a trade-in tire would not be available to qualify for a refund of the \$25 deposit on the new tire

Hawaii law currently provides for the charge of recycling fees on new tires sold.

Our comment: For no clearly defined "purpose" the bill requires:

- additional accounting by the tire retailer
- an additional trust account set up and maintained by the tire retailer
- tire purchasers who switch tires and resell their old tires which may have thousands of miles of wear remaining, will pay end up paying a \$25 penalty per new tire purchased, simply because they don't have a "trade in."

The bill would, in effect penalize new tire customers who don't have trade-in tires. The net is cast too wide. The bill, if passed, creates many unintended situations, penalizing customers while adding additional administrative costs to retailers with no predictable positive results.

HADA respectfully requests that the committee defer HB 1696.

Respectfully submitted,

David H. Rolf
For the members of the Hawaii Automobile Dealers Association

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