

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
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FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

January 25, 2012

To: The Honorable Denny Coffman, Chair
and Members of the House Committee on Energy and Environmental Protection

Date: Thursday, January 26, 2012
Time: 10:00 A.M.
Place: Conference Room 325, State Capitol

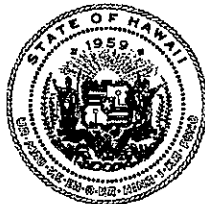
From: Frederick D. Pablo, Director
Department of Taxation

Re: H.B. No. 2260, Relating to Environmental Protection

This measure requires all businesses in the State to collect a fee of \$0.10 on each single-use checkout bag provided to a customer of that business, and to remit the fees collected to the Department of Health, for distribution as described in the measure.

The Department offers the following comments on the measure: the language contained in Section 342H-B (d) is potentially confusing to taxpayers. Unless specifically exempted, the entire \$0.10 fee contemplated by this measure is subject to the general excise tax described in Chapter 237 of the Hawaii Revised Statutes. The \$0.02 retained by businesses will be subject to the tax described by Chapter 235 of the Hawaii Revised Statutes. If the intention of the committee is to exempt any portion of the contemplated fee from taxation under Chapters 235 or 237, the proposed statutory language should be specifically provided in Chapters 235 and 237.

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the House Committee on
ENERGY & ENVIRONMENTAL PROTECTION**

**Thursday, January 26, 2012
10:00 AM
State Capitol, Conference Room 325**

**In consideration of
HOUSE BILL 2260
RELATING TO ENVIRONMENTAL PROTECTION**

House Bill 2260 requires the collection of a 10 cent fee on single-use checkout bags. Among other recipients, \$11,000,000 of the revenues generated would be deposited into the Natural Area Reserve Fund for watershed protection. The Department of Land and Natural Resources (Department) supports this measure.

This measure reduces and mitigates damage from single-use checkout bags while providing wide-ranging benefits to Hawaii's environmental and economic health for current and future generations. Funds deposited in the Natural Area Reserve Fund would implement the Department's "The Rain Follows the Forests" plan to protect Hawaii's sources of water, which are threatened from hotter and drier conditions from climate change, as well as loss of watershed forests.

The Plan prioritizes watersheds and outlines on-the-ground actions and projects required to protect and sustain Hawaii's critical water sources. Protecting forests is the most cost effective and efficient way to absorb rainwater and replenish groundwater. The Department's goal is to double the level of forest protection in the next ten years, requiring approximately \$11 million per year. This initiative will create over 150 local jobs. The actions proposed in the plan protect the natural resources threatened by the consumption of single-use checkout bags. In addition to increasing fresh water supplies, watershed protection prevents erosion that pollutes and damages beaches, coral reefs, and fisheries, reduces Hawaii's greenhouse gas emissions, and protects unique native wildlife.

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
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KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
ON
HOUSE BILL NO. 2260

January 26, 2012

RELATING TO ENVIRONMENTAL PROTECTION

House Bill No. 2260 establishes a fee of 10 cents for each disposable checkout bag that is provided to customers. A portion of the fee is to be deposited into a special account in the State general fund to be expended by the Department of Health for administrative, audit, compliance, and enforcement activities associated with collection of the single-use checkout bag fee; provided that any funds in excess of those expenses shall be expended to conduct education outreach to retailers regarding the program.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any special account within the general fund of the State for specific purposes. This is an inconsistent application and use of the general fund. The Department does hereby advise that general fund program requirements should be reviewed on a statewide basis and allocated to programs based on statewide priorities within available resources.



HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)

1050 Bishop St. Box 235

Honolulu, HI 96813

Fax : 808-791-0702

Telephone : 808-533-1292

DATE:

Thursday, January 26, 2012

TIME:

10:00 a.m.

PLACE:

Conference Room 325

TO: COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Denny Coffman, Chair

Rep. Derek S.K. Kawakami, Vice Chair

FROM: Hawaii Food Industry Association - Lauren Zirbel, Executive Director

RE: HB 2260 RELATING TO ENVIRONMENTAL PROTECTION

Chairs & Committee Members:

HFIA strongly supports SB 1363, as a means of encouraging consumers to **reduce the use of both paper and plastic single use bags. This bill ensures that our environmental protection bills relating to single use plastic bags are consistent and effective.**

Our stores are on track to spend \$30K-\$60K more per store annually on bag costs in counties where plastic is banned. In order to cover these costs retailers need part of the fee to go back to the retailer. Otherwise retailers will still be losing money due to the cost of paper and ultimately be forced to pass that cost on to the price of food.

Without a fee on paper, our current plastic bag ban bills will simply result in a shift to paper bags. **Paper bags are less environmentally friendly than plastic bags and cost as much as 10 times more than plastic bags. We appreciate that this bill allows the fee to be implemented on all islands, which ensures that all islands will see a reduction in the use of single use bags.** If we want to encourage reusable bag use, a fee is a good way to do so. A plastic bag ban does not accomplish this goal. Thank you for the opportunity to provide this testimony.

Representative Denny Coffman, Chair
Representative Derek Kawakami, Vice Chair
Committee on Energy & Environmental Protection

State Capitol, Honolulu, HI 96813

HEARING Thursday, January 26, 2012
10:00 am
Conference Room 325



RE: HB2260, Relating to Environmental Protection

Chair Coffman, Vice Chair Kawakami, 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 HB2260, which requires businesses in the State to collect a 10-cent fee for single-use checkout bags provided to a customer; allows businesses to keep twenty per cent of the fees for the first year of the program and ten per cent of the fees thereafter, subject to income and general excises taxes; requires fees to be collected on single-use checkout bags not prohibited by county ordinance; deposits \$800,000 annually of fees into a special account in the general fund for costs relating to the single-use checkout buy fee; \$11,000,000 into the natural area reserves fund, and the remainder into the general fund.

This measure is a practical and manageable option to an outright ban on plastic bags and places the responsibility for the careless discard and misuse, or the wise re-use and management, of these items on the consumer. Hawaii's retailers unquestionably support the broadest use of reusable tote bags as the ultimate solution for the environment. 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 would like to offer one comment: on page 7, (b): Perhaps insert a sentence clarifying that the amount of the fee charged to the customer is not subject to the 4.5% general excise tax (4% on the Neighbor Islands). This will eliminate any misunderstanding or confusion for smaller businesses.

HB2260 truly represents an understanding of and consideration for the concerns and issues proffered by all the stakeholders over the past two years. We urge its passage. Thank you for the opportunity to testify.

Carol Pregill, President

Testimony of The Nature Conservancy of Hawai'i
By Mark Fox, Director of External Affairs
Supporting H.B. 2260 Relating to Environmental Protection
House Committee on Energy and Environmental Protection
Thursday, January 26, 2012, 10:00AM, Rm. 325

The Nature Conservancy supports H.B. 2260, and the proposed offset fee on single-use check out bags. The production, distribution, use and disposal of single-use check out bags are a significant contributor to litter in Hawai'i, are a threat to marine and bird life, and contribute to greenhouse gas emissions that exacerbate the effects climate change.

Climate change is an imminent and unprecedented threat to natural systems (*e.g.*, forests, coastlines, coral reefs, wetlands) and to every person in Hawai'i that—whether they know it or not—depends on services from the natural environment for their livelihoods, health and welfare. Even if we drastically reduce CO2 emissions now, we will still feel the effects of climate change. In Hawai'i, science indicates that this may include:

- More frequent and more severe storms, and increased runoff and siltation;
- Overall, less rainfall and therefore less fresh water;
- Higher temperatures that may affect the health of forested watersheds;
- Climatic conditions even more conducive to invasive plants, insects and diseases;
- Sea level rise and high wave events that will harm coastal areas and groundwater systems; and
- Ocean acidification that will inhibit the growth of protective coral reefs.

We must plan and implement mitigative and adaptive measures to ensure the resilience of our natural and human systems. One of the most effective tools we have to help address the effects of climate change in Hawai'i is to protect our forests. Healthy and diverse Hawaiian forests act like a sponge, collecting rain and moisture from passing clouds, slowly delivering fresh water into streams and aquifers, absorbing greenhouse gases, and reducing runoff and siltation into near shore waters during storm events.

For these reasons, we support this measure and particularly favor the allocation of a portion of the revenue generated to protect Hawai'i's forested watersheds. We also support the allocation of revenue for program management by the State and affected businesses, and think it would be reasonable to incorporate some of the recycling program provisions from H.B. 1828 into H.B. 2260.

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Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Single-use checkout bag fee

BILL NUMBER: SB 2511; HB 2260 (Identical)

INTRODUCED BY: SB by Gabbard, Chun Oakland, Kidani and 7 Democrats; HB by Coffman

BRIEF SUMMARY: Adds a new part to HRS chapter 342H to establish a single-use checkout bag fee. On January 1, 2013 requires all businesses in the state to charge and collect a fee of 10 cents for each single-use checkout bag that is provided to customers. After July 1, 2016 if the department of health determines that the statewide distribution of single-use checkout bags has not decreased by at least 25% from the effective date of this act, then the fee shall increase to 25 cents on January 1, 2017. Each customer transaction receipt shall show the number of single-use checkout bags provided and the amount of the fee charged.

Allows a business to retain: (1) up to 20% of the bag fees collected between January 1, 2013, to December 31, 2013; and (2) up to 10% of the bag fees collected from January 1, 2014 and thereafter. All fees retained shall be subject to HRS chapters 235 and 237. Requires businesses subject to the single-use bag fee requirements to conduct educational outreach to their customers regarding the single-use checkout bag fee program.

No later than the last day of each month, businesses subject to the single-use bag fee are to remit to the department the fees collected by the last day of each month, less the allowable amount retained, during the immediately preceding month; provided that a small business may remit the fees on a quarterly basis on the last day of the month following the end of a quarter. Businesses shall be subject to penalties and interest for late or underpaid fees. Fees collected shall be deposited as follows: (1) \$800,000 of the fees collected annually shall be deposited into a special account in the general fund to be expended by the department of health for administrative, audit, compliance, and enforcement activities associated with collection of the single-use checkout bag fee; provided that any funds in excess of those expenses shall be expended to conduct educational outreach to retailers regarding the single-use checkout bag fee program; (2) \$11,000,000 of the fees collected annually shall be deposited into the natural area reserve fund to be expended by the department of land and natural resources for watershed protection, restoration, and acquisition; and (3) any remaining fees collected shall be deposited in the general fund.

Violations of the single-use bag fee program shall be subject to a fine of no less than \$1,000 for each violation. Further establishes provisions relating to injunctive and other relief, interaction with any county ordinances, and business reporting of the number of single-use checkout bags provided to customers and the number of reusable bags provided to customers.

Requires the department of health to submit to the legislature an annual report, no later than twenty days prior to the convening of each regular session, delineating the department's efforts to effectuate the single-use bag fee program, the number of single-use bags distributed, the statewide reduction rate in the

amount of single-use bags distributed, and any recommended policy changes needed to better effectuate the single-use bag fee program.

No later than March 31, 2013, each business that is required to charge and collect the single-use checkout bag fee shall submit to the department of health a one-time report listing the number of single-use checkout bags and reusable bags provided to customers by that business for the 2012 calendar year.

Defines "single-use checkout bag," as: (1) a bag made of plastic that is less than 2.25 mils thick, or a paper package or sack, whether recyclable or non-recyclable, that is provided by a business to a customer, and is designed for one-time use to contain and transport merchandise. A single-use check out bag does not include: (1) bags used by customers inside a business to package loose items, such as fruits, vegetables, nuts, grains, or candies, or small hardware items; (2) bags used to contain or wrap frozen foods, meat or fish, flowers or potted plants, or other items to contain dampness; (3) bags used to protect or transport prepared foods or bakery goods; (4) bags provided by pharmacists to contain prescription medications; (5) newspaper bags for home newspaper delivery; (6) door-hanger bags; (7) laundry, dry cleaning, or garment bags, including bags provided by hotels to guests to contain wet or dirty clothing; (8) bags sold in packages containing multiple bags intended for use as garbage, pet waste, or yard waste bags; or (9) bags used to contain live animals, such as fish or insects sold in pet stores. Defines "reusable bag" as a bag with handles that is specifically designed and manufactured for multiple reuse and is made of: (1) cloth or other machine-washable fabric; or (2) durable material suitable for reuse, including plastic that is at least 2.25 mils thick.

EFFECTIVE DATE: July 1, 2012

STAFF COMMENTS: While the legislature has acknowledged that the excessive use of single-use checkout bags is a hazard to the environment, rather than a ban or limitation on the use of such check out bags, this measure proposes a single-use checkout bag fee on each single-use checkout bag that is provided to customers with the revenues derived from the fee deposited into the natural area reserve fund to be expended by the department of land and natural resources for watershed protection, restoration, and acquisition. While each single-use checkout bag provided to customers may cost customers 10 or 15 cents per bag, it is questionable whether: (1) the fee imposed would encourage customers to use reusable bags; or (2) the amount derived from this program is sufficient to address the requirements of the stated programs of the department of land and natural resources.

That said, lawmakers and taxpayers should recognize this proposal for what it is, that is, it is nothing more than another way to raise more money to fund questionable state programs. While proponents may argue that such a fee will discourage consumers from using single-use check-out bags, the real reason for this measure is to merely to raise more money to fund government programs. Note well that only \$800,000 is earmarked to run the program and any moneys not needed for that purpose are to be used for "public education" for retailers regarding the program. It borders on the ridiculous that the education is for retailers who already will have experienced the impact of the program and not the customers or consumers who expect the single-use bags as opposed to encouraging the customers to use reusable bags. Of the revenues in excess of this initial amount, \$11 million is earmarked for the natural area reserve fund which is already the recipient of a portion of the conveyance tax while the rest of the revenues are designated for the state general fund.

So like it or not, taxpayers should realize that this is a new tax merely to shore up the state general fund. Taxpayers need only to recall the fiasco of the "bottle tax" on beverage containers. Instead of providing a financial incentive to consumers to recycle their beverage containers, the bottle tax merely created a surplus of funds because beverage containers were not being returned for the nickel deposit fee and for those that were returned and redeemed, the bulk are probably returned school groups, nonprofits and the homeless who scavenged the parks and streets to provide a source of income. Despite the return of some of these containers, the balance in the beverage container fund has soared to over \$30 million.

And while lawmakers may think that this is a penalty on those consumers who chose not to return their beverage containers, note well that this is more than \$30 million that is not circulating in the state's economy, creating the jobs that Hawaii's people so desperately need.

Under the proposed measure, a fee is imposed for each bag provided to the consumer. A business would have to bag a customer's purchases, then complete the transaction after counting the number of single-use checkout bags it provided to the customer. Although the proposal would allow the business to retain a portion of the fees collected, the actual amount will depend on the number of bags "sold" to customers and, therefore, it is impossible to determine whether or not the fee amount retained will be sufficient or insufficient to cover the cost of compliance with the program. Note well that the amount of the retained fee will be subject to the state's general excise and income taxes. Thus, as drafted, this fee merely adds to the cost of doing business in Hawaii. So much for lawmakers' lofty promise not to affect the state's fragile economy.

If the intent of this proposal is truly to protect the environment from the misuse and abuse of single-use bags, then just ban the use of such bags as the three Neighbor Islands have already done. This disingenuous attempt by lawmakers is so transparent in its attempt to raise new revenues that it is an insult to taxpayers who are already overburdened and who have had to endure the addition of more and more taxes in recent years as lawmakers try to close the budget gap. Retailers might just welcome such a ban as it would reduce their costs since they would not have to provide bags as a courtesy. Ah, but that would mean that there would not be another source of money for lawmakers to spend.

It should be noted that in an effort to reduce the use of single-use checkout bags, several businesses have their own programs to encourage consumers to utilize reusable bags and such programs have been successful in reducing the number of plastic or paper bags provided to customers. Others, like the big box stores, do not provide their customer any type of bags to take away their purchases and that system seems to work just as well.

To reiterate, this proposal is nothing more than a grab for money. It is one more measure that will increase the cost of living and doing business in Hawaii while truly not accomplishing the goal of "cleaning up the environment" that it seems to hide behind. Lawmakers may have been successful in tricking taxpayers once with the "bottle bill," but a second time is truly reprehensible.

Digested 1/25/12



Sierra Club Hawai'i Chapter

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

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

January 26, 2012, 10:00 A.M.
(*Testimony is 3 pages long*)

TESTIMONY IN SUPPORT OF HB 2260

Aloha Chair Coffman and Committee Members -

The Sierra Club, Hawai'i Chapter, with 9,000 dues-paying members and supporters, ***strongly supports*** HB 2260. We ask, however, that this bill be deferred for now while language is developed to ensure the Department of Land and Natural Resources has the capacity to expend funds in the Natural Area Reserve Fund for the watershed initiative.

This bill 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.

I. Reducing Our Opala Problem.

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

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.

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

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 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 business in Hawai'i -- Costco and Wholefoods -- do not offer its 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. 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. The Importance of Protecting Hawai'i's Water Resources

Regardless of what happens on the international front, we know that climate change is going to impact in Hawai'i in significant and detrimental ways. This is the new reality of today and tomorrow. We have to foresee these changes and adapt to a changing world.

The funding provided by this bill could provide a significant, long-lasting, and vital contribution to addressing one of the critical impacts of climate change and ensure Hawai'i has water for future generations.

Further, enhancing efforts to protect Hawai'i's watersheds would have the additional benefit of protecting Hawai'i's cultural legacy from the destruction of invasive species. Hawai'i is home to more threatened and endangered species than anywhere in the country. In order to ensure future generations will have the opportunity to appreciate the diversity of Hawai'i, increased protections and funding are needed today.

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



3375 Koapaka Street, D-108 • Honolulu, HI 96819 • (808) 831-0811

January 25, 2012

Representative Denny Coffman, Chair
Representative Derek Kawakami, Vice Chair
Members of the House Committee on Energy and Environmental Protection

Re: HB 2260: Relating to Environmental Protection

Dear Chair Coffman, Vice Chair Kawakami, and Members of the House Committee on Energy and Environmental Protection,

We appreciate the opportunity to submit our testimony and express our support for HB 2260. As you may know Times Supermarket is based on Oahu and operates 26 stores with locations in Maui, Kauai and Oahu.

As an island base company, we understand the constraints of limited space and the preservation of the unique landscape of Hawaii. It is for this reason that we support your efforts in mitigating challenging issues such as single use bags, and the disposal of bags in landfills.

Currently two island counties have implemented bag policies where we operate stores, and while we support the attempt to change consumer behavior, we believe that that best method for doing so is by implementing a fee. There are various models throughout the United States that address the use of single use bags, and while some are similar throughout states such as California, they lack a uniformed approach. Hawaii would be the first state in the union to implement a statewide policy that holds all jurisdictions to the same standard.

In Maui and Kauai we don't have the ability to charge a fee to help consumers adapt to the ordinances currently in place. Tourists have shifted to paper which is considerably more expensive and environmentally damaging to produce than plastic. The statewide adoption of HB 2260 would provide the ability for Times Supermarket to better manage a bag policy and continue to promote higher environmental consciences to our consumers.

Having a fee for both plastic and paper given the model that is before us in SB HB 2260, with a few additions, should provide a more affective policy that creates a win for the state, consumers and retailers. Such additions would include providing a wavier of the fee to consumers that participate in low income programs such as WIC, EBT and other federal programs as well as the ability to

create a uniformed approach for all retailers, large and small, throughout the state.

By providing a preemption of all currently implemented policies, the state of Hawaii will be able to ensure better enforcement of the law and create additional revenue in jurisdictions that currently would be exempt from HB 2260. The idea is to maximize the revenues generated by the law to better educate consumers on conservation and re-useable product practices.

Please feel free to contact me should you have any questions regarding this matter at (209) 957-2555, ext 153 or Bob Stout, President of Time Supermarket at (808) 831-0811. We thank you in advance for your consideration and we look forward to continuing the dialogue.

Respectfully,

Bob Gutierrez
Director of Government Affairs,
Times Supermarket and Big Save Supermarket

January 25, 2012



January 25, 2012

To: House Committee on Energy and Environmental Protection
The Honorable Denny Coffman, Chair
The Honorable Derek Kawakami, Vice Chair

From: Susan Houghton, Director of Public Affairs and Government Relations

Re: Safeway Support for HB 2260: Relating to Environmental Protection

I am writing to lend Safeway support for HB 2260. Our company operates 19 stores in Hawaii – of which 13 are on the island of Oahu.

We applaud your desire to tackle this important issue. We believe it is extremely important to encourage all consumers to reduce the use of both paper and plastic bags. Both have significant effects on the environment.

We are aware that Hawaii Island, Maui and Kauai have already adopted strict plastic bag bans; however, we believe a fee-based system on both plastic and paper is the preferred route. The city of San Francisco completely banned plastic bags several years ago – but did not address the issue of paper bag use. As a retailer with 15 stores in that city, we saw our costs for paper bags increase substantially – by more than \$1 million a year. This figure is in addition to the costs we were already absorbing to provide paper bags to our customers.

We believe consumers need a strong disincentive to truly change their behavior. By placing a fee on both plastic and paper, you are encouraging all consumers to think "reusable." Safeway provides a number of low-cost reusable bag options and we would be happy to participate in an initial reusable bag-giveaway program to promote this important concept. We would also be happy to provide free paper or plastic bags to any customer on such federally approved low-income programs as WIC or Food Stamps.

The key to HB 2260 is also retailer uniformity. In order to ensure there is no competitive advantage, the legislation must apply to all retailers - regardless of size or origin. While we would prefer a preemption clause that creates geographic uniformity as well, we also understand the need for local control and county-specific ordinances.

Thank you for the opportunity to share our views on this important legislation. Should you have additional questions, please do not hesitate to contact me at (925) 467-2212 or George Glukfeld, our Hawaii district manager at (808) 524-4554.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan M. Houghton", with a long, sweeping underline.

Susan M. Houghton
Director of Public Affairs and Government Relations

People
Serving
People



Hawaii Restaurant Association

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www.RestaurantHI.com

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Mike Flores
HFM Foodservice
Biff Graper
Colliers Monroe Friedlander
Tom Jones
Gyolaku Japanese Restaurants
Jay Kaneshiro
Ruth's Chris Steak House
Walkiki
Brian Kawabe
American Express
Dirk Koepfenkastrop
IL Gelato Hawaii
Don Lakey
Outback Steakhouse
Gary Manago
Sam Choy's Breakfast,
Lunch & Crab
Rick Martin
The Gas Company
Jo McGarry
Honolulu Star-
Advertiser/MidWeek
Stephanie Mizuno
Sodexo (Straub)
Bob Morse
Southern Wine & Spirits
Rick Nakashima
Ruby Tuesday
Conrad Nonaka
Culinary Institute of the Pacific
Bob Piccinino
Hansen Distribution Group
Chad Stephens
Young's Market Company
Melvin Takemoto
Heartland Payment Systems
Kevin Wada
Sodexo (Iolani)

NRA Director Emeritus **Ed Wary**
Auntie Pasto's/Dixie Grill

Advisory Directors **Faith Freitas**
Trade Publishing
Thomas Frigge
TOBE Co. Food Safety
Ken Kantar
Douglas Trade Shows
Cuyler Shaw
Ashford & Wriston

Executive Director **Roger Morey**

January 25, 2012

The Hawaii Restaurant Association (HRA) provides the following comments in regard to **HB1828** and **HB2260**, bills that would prohibit certain businesses in the State from distributing single-use plastic checkout bags.

It is our position that the bills should be parallel in their exclusions. That is, HB2260 clearly exempts take-out food (§342H-A, (C)), "Bags used to protect or transport prepared foods or bakery goods." This exclusion does not appear in HB 1828. However, the additional language to HB1828 will clarify the intent of the bill and provide greater clarity that would result in less confusion for the enforcing agency, for merchants, and for consumers.

The HRA appreciates the intent of this bill, which is to protect the natural environment. The HRA submits, however, that plastic bags remain by far the best choice when holding containers containing freshly cooked foods, especially hot liquids and grease for those times when food containers may leak or spill. Additionally, customers frequently purchase multiple items (plate lunches with gravies, soups, etc.) that make bags necessary because it would be unsafe to carry multiple containers containing hot liquids.

In restaurants, plastic disposable bags are used not simply a matter of convenience but for consumer safety and other practical reasons including the prevention of leaks and spills of items that are often hot in temperature and sometimes greasy, hence slippery. Unlike supermarkets that sell primarily packaged foods, restaurants sell freshly cooked foods that are most often hot and contain liquids. We noticed an exception in this bill for fresh produce, meats, and frozen items. Similarly, food from restaurants, contain "dampness" either from gravies, sauces, or the heat that results in condensation.

In addition, restaurants that are unable to use plastic bags will experience an increase in customer dissatisfaction who will find gravies, sauces, and other liquids leaking. These negative experiences will discourage potential customers from purchasing take-out food at restaurants. With our difficult economy, consumers have already started to eat out less. This additional burden at this inopportune time would further exacerbate the economic challenges the restaurant industry currently faces. With over 3,500 locations directly employing over 82,000 dedicated people, restaurants form a cornerstone of Hawaii's economy that must be kept viable.

Respectfully submitted,

Roger Morey
Executive Director



CONSERVATION COUNCIL FOR HAWAI'I

Testimony Submitted to the House Committee on Energy & Environmental Protection
Hearing: Thursday, January 26, 2012
10 a.m.
Conference Room 325

Support for HB 2260 Relating to Environmental Protection

Aloha. Mahalo nui loa to Representative Coffman for introducing HB 2260. The Conservation Council for Hawai'i supports this bill, which establishes a fee for single-use checkout bags provided to customers. HB 2260 will encourage people to use reusable bags when shopping. It will reduce solid waste in our landfills as well as litter on the land and in the ocean. HB 2260 is also consistent with local policies to reduce single-use disposal bags in Kaua'i and Maui counties.

CCH is dedicated to protecting native Hawaiian plants, animals, and ecosystems for future generations, and we are very concerned about the harm to seabirds, sea turtles, monk seals, dolphins, and whales caused by plastic bags and other marine debris. We also appreciate the energy savings that would be realized by reducing the number of single-use checkout bags manufactured for, and shipped to Hawai'i.

We support the proposal in HB 2260 to allocate \$11 million from the bag fees to the Natural Area Reserve Fund, which supports so many important programs for the benefit of Hawai'i's people, including the Natural Area Reserves System, Forest Stewardship Program, Natural Area Partnership Program, Watershed Partnerships, and the Youth Conservation Corps.

Please invest in Hawai'i's natural environment, its people, and our future by supporting HB 2260. Mahalo for the opportunity to testify.

Sincerely,

Marjorie Ziegler
Executive Director



Hawai'i's Voice for Wildlife – *Ko Leo Hawai'i no na holoholona lohiu*

Telephone/Fax 808.593.0255 • email: info@conservehi.org • web: www.conservehi.org
P.O. Box 2923 • Honolulu, HI 96802 • Office: 250 Ward Ave., Suite 220 • Honolulu, HI 96814
President: Hannah Springer * Vice-President: Julie Leialoha * Treasurer: Rick Barboza * Secretary: Maka'ala Ka'aumoana
Directors: Lida Pigott Burney * Koalani Kaulukukui * Robin Kaye
Executive Director: Marjorie Ziegler

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 24, 2012 10:36 PM
To: EEPtestimony
Cc: steven.mazur@gmail.com
Subject: Testimony for HB2260 on 1/26/2012 10:00:00 AM
Attachments: Plastic Bag Fee comments - SM.docx

Testimony for EEP 1/26/2012 10:00:00 AM HB2260

Conference room: 325
Testifier position: Support
Testifier will be present: Yes
Submitted by: Steven Mazur
Organization: Individual
E-mail: steven.mazur@gmail.com
Submitted on: 1/24/2012

Comments:

There are too many reasons why H.B. NO. 2260 makes sense and why the opposing arguments are negligible in comparison to the benefits of this bill, if passed.

First, we can avoid ever paying for a single plastic bag by bringing reusable bags with us when we shop. They can be purchased for as little as \$1 and used 100's or maybe 1000's of times instead of once - or maybe twice if used as a garbage bag or for our pets' waste, for example. Many people already have reusable bags they can use and they are often handed out for free as marketing tools.

Second, the actual cost of single use bags is very high if you include the cost it adds to filling up our landfills, the damage to sea life, the litter of plastic bags everywhere, the oil consumed in the bags themselves and their production, and the list goes on. Is it fair to say we do not want to burden someone with possibly having to purchase a \$1 bag and instead allow him or her to pass the financial and environmental burdens on to everyone else? Until this bill passes, we are all paying for the bags even if we do not use them, for cleanup, decreased landfill space, rescue efforts of marine life that ingest plastic bags and the smothering of coral reefs. People should take individual responsibility for any burden placed on the land and ocean that belongs to everyone. Single use plastic bags are not free; not even close!

Along with the Hawaii Clean Energy Initiative to reduce our dependence on foreign oil, we can also reduce the amount of oil used in importing hundreds of millions of plastic bags to Hawaii each year and eliminate the consumption of oil that goes into the materials and production of single use plastic bags.

It will be a step in the right direction as Hawaii becomes the first state to adopt a bag fee like the many cities, counties, and countries across the globe that already have. Three of four counties in Hawaii have already stepped up to reduce the use of single use plastic bags with county laws, but by far, a statewide law that will now include the biggest waste generator, Oahu, will make the largest impact and set the best example. Hawaii will include the true costs of waste when making decisions and will protect our most precious assets, our land and ocean.

Robert Barreca
3535 Maluhia Street
Honolulu, HI 96816
(808) 224-1905

EEP Public Hearing
Room 325
January 26th, 2012, 10:00am

Testimony of Robert Barreca
In Support of House Bill 2260

Good morning committee members.

My name is Robert Barreca and I am a resident of Palolo Valley. I am writing in support of HB 2260. Bills just like this one have been enacted all over the world with great success, both generating income for the state and encouraging consumers to reduce waste, thereby protecting our oceans and food-chain from plastic pollution.

Cities, counties, states, and countries all over the world are enacting single-use plastic and/or paper legislation to reduce waste, protect our oceans and encourage sustainable behavior in consumers. In our nation's capitol and in other countries like Australia, Italy, and Mexico, they placed a small fee on these wasteful petroleum products—in Washington, D.C., plastic bag use dropped 60% in the first month! In Ireland, they charged a fee on plastic bags, and their use dropped 90% in one year.

According to an article in the Honolulu Advertiser (March 8, 2010), people on Oahu use an estimated "300 million bags or more annually." Just across the channel, neighbor islands Kauai, Maui and Hawaii Island have enacted bans on single-use plastic bags. While we do not want to reverse the local legislation in those counties, the remaining parts of the state can catch up and make Hawaii a model for the rest of the mainland. We must begin to protect our beautiful island home and our ocean food security by encouraging consumers to bring their own reusable bags thereby reducing the massive amount of plastic pollution we generate on a daily basis.

Mahalo for your consideration,

Robert Barreca



Joy Leilei Shih, M.A.S.
3267 Mokihana Street
Honolulu, HI 96816
(650) 380-5482
joyshih@hawaii.edu

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
HOUSE COMMITTEE ON ECONOMIC REVITALIZATION & BUSINESS

Jan 26, 2012, 10:00 am
(Testimony is 3 pages long)

TESTIMONY IN FAVOR OF HB 2260

Aloha Chair Coffman and 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.

I am in strong support of HB 2260. Single-use disposable bag fees have been shown to effectively reduce the amount of plastic bags used and entering the environment.

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 Fiogga, 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, Kauai, and Hawaii 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. 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, and in fact would generate revenue for state funds.

Last but not least, HB 2260 would fund important clean water projects and watershed restoration, fundamental to the future of Hawaii and protecting Hawaii's native species and preserving the State's natural resources.

I respectfully recommend that the plastic bag fee bill introduced retains the language that it does not preempt the existing plastic bag bans already in place in Maui, Hawaii, and Kauai Counties. Maui, Hawaii, and Kauai Counties enacted bans designed to meet their goals in reducing plastic bag usage.

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>

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 25, 2012 3:50 PM
To: EEPtestimony
Cc: kenzen808@gmail.com
Subject: Testimony for HB2260 on 1/26/2012 10:00:00 AM

Testimony for EEP 1/26/2012 10:00:00 AM HB2260

Conference room: 325
Testifier position: Support
Testifier will be present: Yes
Submitted by: Ken Sentner
Organization: surfrider foundation
E-mail: kenzen808@gmail.com
Submitted on: 1/25/2012

Comments:

Pass HB2260 to remove plastic bags from our tree branches and ocean, and to stop the use of destructive single-use paper bags.

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 25, 2012 11:13 PM
To: EEPtestimony
Cc: jenn@jenniferlucien.com
Subject: Testimony for HB2260 on 1/26/2012 10:00:00 AM

Testimony for EEP 1/26/2012 10:00:00 AM HB2260

Conference room: 325
Testifier position: Support
Testifier will be present: Yes
Submitted by: Jennifer Lucien
Organization: Individual
E-mail: jenn@jenniferlucien.com
Submitted on: 1/25/2012

Comments:

Dear Chair Coffman, Vice-Chair Kawakami and Members of the Committee;

I would like to submit testimony in support of this measure. The bottle bill was long criticized by industry opponents as unnecessary, burdensome to the consumer, and labeled a "tax". Nearly a decade later we can clearly point the success of such legislation in increasing redemption rates and changing awareness around simple but important changes. I cite this example because we face the same rhetoric in this conversation about plastic bags. Please pass HB2260 as a vehicle to bring about positive change.

Mahalo nui loa,

Jennifer Lucien

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 25, 2012 11:48 PM
To: EEPtestimony
Cc: apbisquera@gmail.com
Subject: Testimony for HB2260 on 1/26/2012 10:00:00 AM

Testimony for EEP 1/26/2012 10:00:00 AM HB2260

Conference room: 325
Testifier position: Support
Testifier will be present: Yes
Submitted by: Andre Bisquera
Organization: Individual
E-mail: apbisquera@gmail.com
Submitted on: 1/25/2012

Comments:

Dear Chair Coffman, Vice-Chair Kawakami and Members of the Committee,

I would like to submit testimony in support of this measure. As a surfer and paddler, I see plastic bag pollution out in the oceans far too often. I support the efforts of this measure to curtail the use and distribution of plastic bags that could end up in our fragile environment. Please pass bill HB2260 to help protect our environment for future generations. Thank you.

Andre Bisquera