

S .B. NO. 1130

JAN 24 2013

A BILL FOR AN ACT

RELATING TO RECYCLING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 36-27, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Except as provided in this section, and
4 notwithstanding any other law to the contrary, from time to
5 time, the director of finance, for the purpose of defraying the
6 prorated estimate of central service expenses of government in
7 relation to all special funds, except the:

- 8 (1) Special out-of-school time instructional program fund
9 under section 302A-1310;
- 10 (2) School cafeteria special funds of the department of
11 education;
- 12 (3) Special funds of the University of Hawaii;
- 13 (4) State educational facilities improvement special fund;
- 14 (5) Convention center enterprise special fund under
15 section 201B-8;
- 16 (6) Special funds established by section 206E-6;
- 17 (7) Housing loan program revenue bond special fund;
- 18 (8) Housing project bond special fund;

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- 1 (21) Passenger facility charge special fund established by
2 section 261-5.5;
- 3 (22) Court interpreting services revolving fund under
4 section 607-1.5;
- 5 (23) Hawaii cancer research special fund;
- 6 (24) Community health centers special fund;
- 7 (25) Emergency medical services special fund;
- 8 (26) Rental motor vehicle customer facility charge special
9 fund established under section 261-5.6; ~~and~~
- 10 (27) Shared services technology special fund under section
11 27-43~~[7]~~;
- 12 (28) Automated victim information and notification system
13 special fund established under section 353-136~~[7]~~; and
- 14 (29) Deposit beverage container deposit special fund under
15 section 342G-104.

16 shall deduct five per cent of all receipts of all special funds,
17 which deduction shall be transferred to the general fund of the
18 State and become general realizations of the State. All
19 officers of the State and other persons having power to allocate
20 or disburse any special funds shall cooperate with the director
21 in effecting these transfers. To determine the proper revenue
22 base upon which the central service assessment is to be
23 calculated, the director shall adopt rules pursuant to chapter

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1 91 for the purpose of suspending or limiting the application of
2 the central service assessment of any fund. No later than
3 twenty days prior to the convening of each regular session of
4 the legislature, the director shall report all central service
5 assessments made during the preceding fiscal year."

6 SECTION 2. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 3. This Act, upon its approval, shall take effect
9 on July 1, 2013.

10
11 INTRODUCED BY: *Anne Driscoll K.*

12 BY REQUEST

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Report Title:

Central Services Fee Assessment,; Exemptions; Deposit Beverage
Container Deposit Special Fund

Description:

Restores the exemption from central services fees assessment for
the Deposit Beverage Container Deposit Special Fund.

*The summary description of legislation appearing on this page is for informational purposes only and is
not legislation or evidence of legislative intent.*

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JUSTIFICATION SHEET

DEPARTMENT: Health

TITLE: A BILL FOR AN ACT RELATING TO RECYCLING.

PURPOSE: Reinststate the Deposit Beverage Container (DBC) Program's exemption from the Department of Accounting and General Service's (DAGS) central services fee assessment.

MEANS: Amend section 36-27(a), Hawaii Revised Statutes.

JUSTIFICATION: Originating legislation for the DBC program exempted the program from the DAGS' central services fee. In 2009, Act 79, Session Laws of Hawaii 2009, deleted the exemption, which costs the program between \$2,500,000 and \$3,000,000 per year in fees.

The bulk of the Program's revenue comes from a deposit that must be refunded to consumers when they redeem their containers. The DAGS fee should not be applied to a refundable deposit. Central services fee payments on container deposits alone total approximately \$2,300,000 annually.

The new fee payments, combined with legislative raids and consistently high redemption rates, have placed a significant burden on the DBC program to maintain an adequate fund balances.

The DBC Special Fund's cash balance can fluctuate by several millions due to timing of deposits and expenditures of considerable value. Without a sufficient available cash balance, the program is unable to return deposits to the public and pay recycling companies that collect and process deposit beverage material.

Decreasing fund balances over the past several years have lead the program to increase the non-refundable container fee, which has been set at one cent per container since the program's inception, to one and a half cent per container effective September 1, 2012.

Impact on the public: No direct public impact.

Impact on the department and other agencies: Reinstating the exemption would reduce revenue collected by DAGS for the general fund.

GENERAL FUND: Eliminate transfer of approximately \$3,000,000 per year into the general fund.

OTHER FUNDS: Keep approximately \$3,000,000 per year in the Deposit Beverage Container Deposit Special Fund.

PPBS PROGRAM
DESIGNATION: HTH-840.

OTHER AFFECTED
AGENCIES: Department of Accounting and General Services, Department of Budget and Finance.

EFFECTIVE DATE: July 1, 2013.