



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

In reply, please refer to:
File:

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

H.B. 1550, RELATING TO THE DEPOSIT BEVERAGE CONTAINER PROGRAM

**Testimony of Gary Gill
Acting Director of Health**

**February 4, 2014
8:30 a.m.**

1 **Department's Position:** The Department of Health respectfully opposes this measure.

2 **Fiscal Implications:** Unknown

3 **Purpose and Justification:** This bill proposes to exempt deposit beverage retailers who are small
4 businesses from having to offer redemption services on premises. It also proposes to eliminate the
5 exemption for any deposit beverage dealer that is within two miles of a certified redemption center and
6 are within a high-density population area from offering on-premises redemption services. If passed, the
7 measure will require large businesses that sell deposit beverage containers to offer redemption services.

8 Requiring deposit beverage retailers to offer redemption services was a prominent and
9 contentious issue. The requirements contained in the law represent a compromise between convenience
10 for the consumer and business's ability to react to their markets.

11 Initially, the program received many complaints over the availability of redemption services.
12 However, complaints decreased as recyclers steadily worked to address demand for these services and
13 established more redemption centers. The department listed 116 certified redemption centers throughout

1 the state at the close of FY 2012-13. This number has been stable for the past several years and
2 indicates a maturation of the redemption network.

3 The department feels that the proposed amendment is unnecessary as the DBC redemption
4 system has evolved and reached equilibrium under the current program requirements. We believe that
5 the existing statute adequately protects consumer's interest while providing enough flexibility for
6 businesses to respond to the forces of supply and demand.

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



Executive Officers:
Stanley Brown, ConAgra Foods - Chairperson
John Schilf, RSM Hawaii - Vice Chair
Derek Kurisu, KTA Superstores - Treasurer
Lisa DeCoito, Aloha Petroleum - Secretary
Lauren Zirbel, Executive Director

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TO:
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
Rep. Chris Lee, Chair
Rep. Cynthia Thielen, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 4, 2014
TIME: 8:30am
PLACE: Conference Room 325

RE: HB 1550

Position: Opposition

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers and distributors of food and beverage related products in the State of Hawaii.

Businesses who supply their customers with deposit beverages are already responsible for calculating and collecting several fees. This is a financial and administrative burden that our retailers bear in order to provide Hawaii consumers with products they want. This bill would cost our businesses time, resources, and space that they simply do not have to give. The food industry is very competitive and food retailers generally operate at a profit margin of around 1%. This is not an industry that can afford to have its profits cut any further.

On Oahu alone we have over 50 functioning redemption centers, from Waianae to Kailua to Haleiwa to Mililani, and many places in between. The outer islands have even more redemption centers per capita than Oahu. Mandating that our food retailers suddenly become redemption centers as well is an unnecessary measure which will be costly to food retailers in terms of lost time, lost space, and by extension lost revenue. The costs of this measure will ultimately be passed on to consumers in the form of increased food and beverage prices, and that something we all want to avoid.

Please vote no on this measure.

Thank you for the opportunity to testify.

**Testimony of
Gary M. Slovin / Mihoko E. Ito
on behalf of
Costco Wholesale Corporation**

DATE: February 1, 2014

TO: Representative Chris Lee
Chair, Committee on Energy and Environmental Protection
Submitted Via EEPtestimony@capitol.hawaii.gov

RE: **H.B 1550 – Relating to the Deposit Beverage Container Program**
Hearing Date: Tuesday, February 4, 2014 at 8:30am
Conference Room: 325

Dear Chair Lee and Members of the Committee on Energy and Environmental Protection,

We submit this testimony on behalf of the Costco Wholesale Corporation. Costco has serious concerns regarding H.B. 1550, which requires retail dealers with more than five thousand square feet of retail space to operate redemption centers.

To comply with this bill, Costco will have to choose between reverse vending machines or third party outdoor recycling centers. Both of these methods are problematic.

Reverse vending machines (“RVMs”) require a significant amount of money, maintenance, and space. Purchasing, maintaining, and repairing RVMs is very expensive; purchase alone costs tens of thousands of dollars per machine. The costs associated with RVMs would be a difficult burden to shoulder. Nor are they suitable for large volumes. 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.

Gary M. Slovin
Mihoko E. Ito
Tiffany N. Yajima
Jennifer C. Taylor

1099 Alakea Street, Suite 1400
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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. Further, the cross traffic between shoppers and people redeeming containers would create traffic hazards.

An additional concern is that Costco is open only to members. H.B. 1550 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.

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. Furthermore, Costco has been working for several years now with the City and County on an extensive recycling education program.

We understand that the intent of H.B.1550 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 retailers is necessary, particularly as the Deposit Beverage Container Program is very well established and successful.

For these reasons, we respectfully oppose H.B.1550 and request that it be held.

**To: Rep. Chris Lee, Chair
Rep. Cynthia Thielen, Vice Chair
Energy & Environmental Protection**



**From: Terry G. Telfer, President
Reynolds Recycling**

Date: Tuesday, February 4, 2014, 8:30 a.m. in Conference Room 325

Re: Testimony in opposition to HB 1550, Relating to the Deposit Beverage Container Program

Reynolds Recycling operates the largest network of redemption centers in Hawaii. Reynolds and other redemption center operators have invested heavily to make the Deposit Beverage Container law a success. The Department of Health's 2012-2013 redemption rate was reported as 75%, a strong indicator of the programs success".

There are several reasons why we oppose this bill.

1. According to the most recent State Auditor's report*¹ there are currently 117 certified redemption centers in Hawaii. There are also a large number of non-certified redemption centers that meet the needs of smaller population areas. In comparison there are 74 postal offices in the state. With more than 58% more certified redemption centers than post offices, the mandated increase is unnecessary. Recyclers have opened up more certified redemption centers in 5 years than the post office has opened since statehood.
2. A mandated increase of redemption centers would adversely impact the current recycling industry, which has spent tens of millions of dollars in providing the infrastructure to make this program the success that it is. Mandating big box stores to open redemption centers may initially increase redemption centers, but the recycling industry is already working to continually increase these without any government mandate. Adding these locations would likely move redemption volume from one location to another, and not add to the overall volume of material to be redeemed.
3. The large businesses that would be required to start redemption at their businesses are in the business of selling food and drink to the public. They do not have experience or desire to add a waste product to their product mix.

The only proven way to insure a high redemption rate is to increase the value of the deposit. Michigan with a deposit of 10 cents per container has a continuously high redemption rate of over 95%*². When you consider that the deposit of 5 cents placed on containers in the 70's has a current value of one penny, than the need to place a real value on these containers is obvious. The higher the deposit is the higher the redemption rate will be.

As a leader in Hawaii's recycling industry, Reynolds Recycling remains committed to protecting Hawaii's future by recycling today, and in the future. We respectfully oppose SB1134.

Thank you.

*1 (Data from Management and Financial Audit of the Deposit Beverage Container Program, June 30, 2012 by the State Auditor)

*2 ([a] Source: Michigan Department of Treasury, [Bottle Deposit Information Chart, 1990-2011.](#))

HB1550

Submitted on: 2/3/2014

Testimony for EEP on Feb 4, 2014 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Joy Leilei Shih	Individual	Support	No

Comments: I support HB 1550. Expanding the availability of redemption sites would improve the amount of recycling in Hawaii, benefitting the environment and lessening the burden on our land fills. Please move HB 1550. Mahalo for the opportunity to testify.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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LATE

HB1550

Submitted on: 2/3/2014

Testimony for EEP on Feb 4, 2014 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Sheri Sakamoto	Individual	Oppose	No

Comments: RMH opposes HB1550, which would require large businesses that sell deposit beverage containers to serve as redemption sites for the deposit beverage container program. This would create undue burden on retailers for which a program is already in place.

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**Testimony to the House Committee on Energy and Environmental Protection
Tuesday, February 4, 2014 at 8:30 A.M.
Conference Room 325, State Capitol**

LATE

**RE: HOUSE BILL 1550 RELATING TO THE DEPOSIT BEVERAGE
CONTAINER PROGRAM**

Chair Lee, Vice Chair Thielen, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **opposes** HB 1550 Relating to the Deposit Beverage Container Program.

The Chamber is the largest business organization in Hawaii, representing over 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber feels that this bill unfairly mandates businesses to serve as redemption sites for the recycling program. We feel that this program should be voluntary and not mandated for businesses to participate in. Implementing this program as a requirement would put a strain on businesses as they already struggle with other regulations and mandates.

We respectfully ask that this bill be held in committee. Thank you for the opportunity to testify.

HB1550

Submitted on: 2/3/2014

Testimony for EEP on Feb 4, 2014 08:30AM in Confer



Submitted By	Organization	Testimony	Action
Times Supermarkets	Times Supermarkets	Oppose	No

Comments: Times Supermarkets is based on Oahu and operates 26 stores with locations in Maui, Kauai and Oahu. We respectfully oppose HB 1550 which has the potential to cause logistical and cost issues. We look forward to continuing to work with Hawaii legislators to address concerns. Please do not advance this measure.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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