



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. 1760, 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 offers comments on this measure.
- 2 **Fiscal Implications:** Approximately \$60 million annually and the loss of 11 program staff.
- 3 **Purpose and Justification:** Transferring the Deposit Beverage Container (DBC) Program to the
- 4 counties will likely have a variety of effects on all of those involved. It should be pointed out that the
- 5 administrative demands of the program can be large and intense. In addition to enacting ordinances and
- 6 rules, counties will need to develop the appropriate administrative infrastructure.

7 Beverage distributors may be the most affected as they will have to deal with multiple county

8 agencies for deposit and fee payments, instead of the single Department of Health contact. Similarly,

9 recyclers who operate redemption centers on more than one island will also have to deal with multiple

10 county agencies to make their deposit and fee claims.

11 Additionally, counties may differ in how they implement their programs. Distributors, recyclers,

12 and retailers operating on more than one island may have to contend with different rules, policies and

13 procedures specific to each county.

1 Alternatively, there is also the option of transferring the administration of the program to
2 beverage manufacturers and retailers as is done in New York and Oregon. While it is the least
3 transparent system, it minimizes government involvement and oversight.

4 The department has learned a great deal in its implementation of the DBC program and is proud
5 of its high redemption rates. We are always willing to share our knowledge, experience, and what we
6 are doing to improve the program.

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

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DEPARTMENT OF ENVIRONMENTAL SERVICES
CITY AND COUNTY OF HONOLULU

1000 ULUOHIA STREET, SUITE 308, KAPOLEI, HAWAII 96707
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KIRK CALDWELL
MAYOR



LORI M.K. KAHIKINA, P.E.
DIRECTOR

TIMOTHY A. HOUGHTON
DEPUTY DIRECTOR

ROSS S. TANIMOTO, P.E.
DEPUTY DIRECTOR

January 31, 2014

IN REPLY REFER TO:
WAS 14-17

The Honorable Chris Lee, Chair
and Members of the Committee on
Energy & Environmental Protection
House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chair Lee and Members:

SUBJECT: House Bill 1760, Relating to the Deposit Beverage
Container Program

The City and County of Honolulu Department of Environmental Services (ENV) opposes House Bill 1760 which would transfer management of the deposit beverage container program to the counties.

It is unclear to what purpose or benefit this proposal is being offered, but the result would be a less efficient program requiring each county to establish separate administration and staffing. The beverage industry would be required to track distribution and submit payments by county and potentially under different parameters established by each of the county administrators and there would be greater opportunity for fraud on the part of the recycling companies, as the administration would be decentralized and shipments of recyclable materials could be claimed more than once to separate counties.

Currently, the deposit beverage container program is centrally administered by the state Department of Health (DOH), providing an administrative structure that offers the most efficiency for the beverage industry as well as the recycling companies. The DOH has established contracts with neighbor island counties to assist with administering redemption center operations on islands other than Oahu, and maintains central control over all material shipments.

We believe that the responsibilities for the management of Hawaii's deposit beverage container program should remain centralized at the state.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori M.K. Kahikina", is written over a large, stylized flourish.

Lori M.K. Kahikina, P.E.
Director

**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 1760, Relating to the Deposit Beverage Container Program

Reynolds Recycling operates the largest network of redemption centers in Hawaii. The Department of Health's 2012-2013 redemption rate was reported as 75%, a strong indicator of the program's success.

There are several reasons why we oppose this bill.

1. This is a state wide program. There is no need to transfer a successful state program to the counties.
2. Taking a unified state wide program and transferring it to the counties will undoubtedly create differences in county rules and regulations, which will confuse the consumer, and create unnecessary duplication of government.
3. A change in governing body 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. If this bill were to pass Reynolds, which is participating in this program in all four counties, would need to respond to different management from each county instead of one entity for the same program.

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 strongly oppose HB 1760.

Thank you.