



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. 899, RELATING TO RECYCLING

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health

February 7, 2013
9:00 a.m.

1 **Department's Position:** The Department of Health strongly supports this measure.

2 **Fiscal Implications:** \$2.5 million to \$3 million annually

3 **Purpose and Justification:** When creating the Deposit Beverage Container (DBC) Program, the
4 legislature provided an exemption from the Department of Accounting and General Services (DAGS)
5 Central Services Fee (CSF) for the DBC Program's special fund. The CSF is assessed on special funds
6 administered by DAGS. The exemption for the DBC Program was removed by the legislature in 2009.

7 The department is seeking the reinstatement of the exemption for two reasons. First, the
8 department argues that the CSF should not be applied to the deposit revenues as they are designated for
9 redemptions to consumers. The bulk of the DBC Program's revenue comes from deposits it collects on
10 new beverage containers. These deposits are maintained in the program's account until they are paid out
11 to consumers (through redemption centers) when used containers are redeemed.

12 Second, annual CSF assessments range from \$2.5 million to \$3 million and have been a
13 significant drain on the program's reserve fund. The CSF assessments, when combined with legislative
14 raids and consistently high redemption rates, have reduced the fund to dangerous levels. The low fund

1 balance led the department to increase the container fee from 1 cent to 1.5 cents per container on
2 September 1, 2012.

3 Statute allows raising the one-cent container fee to one-and-a-half cents when the redemption
4 rate reaches 70%. The department deferred this increase four times since the redemption rate reached
5 70% in 2008, as we were able to operate the program on reserve funds. However, when FY 2013-14
6 projections indicated a negative fund balance, the program was forced to increase the container fee.

7 Restoring the CSF exemption for the DBC Program will help the department maintain adequate
8 funding, which will in turn ensure continued operation of the program.

9 Our goal is to create social and physical environments that promote and support good health for
10 all. Thank you for the opportunity to testify on this measure.

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Sierra Club Hawai'i Chapter

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HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 7, 2013, 9:00 A.M.
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HB 899

Aloha Chair Lee and Members of the Committee:

The Sierra Club, Hawaii Chapter, with over 10,000 dues paying members and supporters statewide, respectfully *supports* HB 899. This measure establishes restores the exemption from central service fees assessment for the HI5 program so as to ensure Department of Health has the resources to continue this program.

When the beverage container program was first passed -- which the Sierra Club was a principal supporter -- DOH was given a waiver from the central services fee so as to minimize the fee charged to customers. The intent of this program was to encourage recycling, not to serve as a tax base for the general fund.

We understand if this measure is not passed, DOH may lack the resources to continue the HI5 program. This would be a critical loss to an incredible successful program: recycling, on average, around 900,000,000 beverage containers each year.

We encourage this Committee to move this measure forward.

Mahalo for the opportunity to testify.

thielen3 - Charles

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 04, 2013 5:27 PM
To: EEPtestimony
Cc: mz@conservehi.org
Subject: *Submitted testimony for HB899 on Feb 7, 2013 09:00AM*

HB899

Submitted on: 2/4/2013

Testimony for EEP on Feb 7, 2013 09:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Marjorie Ziegler		Support	No

Comments:

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thielen3 - Charles

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 05, 2013 9:24 AM
To: EEPtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB899 on Feb 7, 2013 09:00AM*

HB899

Submitted on: 2/5/2013

Testimony for EEP on Feb 7, 2013 09:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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