



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. 900, 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:** The department estimates approximately \$1.9 million in additional annual
3 revenue.

4 **Purpose and Justification:** The glass advance disposal fee (ADF) program was created as a state
5 program in 1994. Under the program, the department collects a fee of 1.5 cents per container from the
6 distributors of non-deposit glass container sold in the state. The majority of funds are passed to the
7 counties, in amounts proportional to population, for the operation of glass buyback programs.

8 Glass recycling lags behind other materials because of its lower material value, and the fact that
9 its higher density leads to higher shipping costs. In an effort to increase glass recycling volumes, the
10 City and County of Honolulu increased its payout rate in FY 2011-12. The higher subsidy rate had the
11 intended effect of increasing the amount of glass collected. This was partly due to the increased
12 availability of glass recycling opportunities for the general public. For the majority of the program's
13 existence, collections have focused nearly exclusively on the commercial sector. However, the higher
14 payout rate encouraged recyclers to begin offering collection to the general public. The increased

1 collections forced the City and County of Honolulu to reduce the payout rate mid-year so that funds
2 could last the duration of the fiscal year.

3 Increasing the ADF would enable the department to increase funding to all counties to bolster
4 their glass recycling efforts.

5 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
TELEPHONE: (808) 768-3486 • FAX: (808) 768-3487 • WEBSITE: <http://envhonolulu.org>

KIRK CALDWELL
MAYOR



LORI M.K. KAHIKINA, P.E.
DIRECTOR DESIGNATE
EDUARDO P. MANGLALLAN
DEPUTY DIRECTOR
ROSS S. TANIMOTO, P.E.
DEPUTY DIRECTOR
IN REPLY REFER TO:
WAS 13-30

February 5, 2013

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 900, Relating to Recycling

The City and County of Honolulu's Department of Environmental Services (ENV) supports adequate funding of programs to support glass recycling. House Bill (HB) 900 would increase the advance disposal fee (ADF) collected for non-deposit glass containers.

The glass ADF was set at 1.5 cents per container more than 15 years ago and has not been adjusted to accommodate changes in recovery rates or costs. Current revenue levels do not cover needed expenditures to subsidize glass recycling efforts. The cost to ship glass to West Coast facilities to be remanufactured into new container glass exceeds the market value of the glass. Without sufficient funding support for non-deposit glass containers through a subsidy program, the opportunities for glass recycling are very limited.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori M.K. Kahikina".

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



Sierra Club Hawai'i Chapter

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

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

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

TESTIMONY IN SUPPORT OF HB 451

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 900. This measure establishes a tiered advance disposal fee for different sized glass containers.

Numerous items, such as wine bottles, are not included in Hawaii's overwhelmingly successful bottle law. And based on the size and cost of recycling items like wine bottles, incentives built into the bottle law may not be enough to encourage recyclers to take these items. The cost/benefit ratio doesn't pencil out.

By creating a tiered payment system, we can incentivize the recycling of larger and heavier glass items. We also avoid the supposed burden of having to label each container.

If we want to move Hawaii to a sustainable future and help solve our growing landfill crisis, we need to start taking the "small changes" necessary to eliminate our problems. While the Sierra Club would prefer a more comprehensive recycling program, we believe this is a good first step.

Mahalo for the opportunity to testify.



HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)

1050 Bishop St. Box 235
Honolulu, HI 96813
Fax : 808-791-0702
Telephone : 808-533-1292

DATE: Thursday, January 31, 2013

PLACE: Conference Room 225

TIME: 2:45 P.m.

TO: COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Rep. Chris Lee, Chair; Rep. Cynthia Thielen, Vice Chair

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

RE: HB 900 RELATING TO RECYCLING

Increases the advance disposal fee on glass containers from one and a half cents per glass container to three cents per glass container containing less than twelve ounces; and six cents per glass container containing greater than twelve ounces. The glass advanced disposal fee shall only apply to glass containers that are not glass deposit beverage containers.

Chair & Committee Members:

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.

The Hawaii Food Industry Association respectfully opposes this measure.

This measure increases the cost of beverages packaged in non-deposit beverage glass containers. This would increase the cost of many popular consumer beverage products and hamper the success of the local beverage industry.

Mahalo for the opportunity to provide this testimony.

**Testimony of
Gary Slovin / Mihoko Ito
on behalf of
Distilled Spirits Council of the United States**

DATE: February 5, 2013

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

RE: **H.B. 900 – Relating to Recycling**
Hearing Date: Thursday, February 7, 2013 at 9:00 am
Conference Room: 325

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

Distilled Spirits Council of the United States (“DISCUS”) is a national trade association representing producers and marketers of distilled spirits sold in the United States.

DISCUS **opposes** H.B. 900. This bill seeks to establish a tiered glass advanced disposal fee system based on the capacity of a glass container.

Glass bottles for wine and spirits are currently assessed an advance disposal fee of one and one half cent per glass container. All revenues generated from advance disposal fees are deposited into a special account in the environmental management fund, and these moneys are used to fund county glass recovery programs. While we understand that the Counties and the Department of Health feel that the current fee is insufficient, we believe that doubling the current fee for containers under 12 ounces and quadrupling it for containers that hold more than 12 ounces to both increase the Counties payouts to glass recyclers and to create three new positions in the Department to administer this program is excessive. As the industry which is responsible for paying this fee, we would appreciate an opportunity to discuss the needs of the Counties glass recovery programs first to see if we can help resolve their recycling issues and costs in a collaborative manner, rather than have the fees unilaterally raised on us.

Gary M. Slovin
Mihoko E. Ito
Christine Ogawa Karamatsu
Tiffany N. Yajima

1099 Alakea Street, Suite 1400
Honolulu, HI 96813
(808) 539-0840

In addition to the advance disposal fee per glass container, distilled spirits are already assessed significant taxes and fees in Hawai'i. For a typical bottle of distilled spirits sold here, 25% percent of the retail price goes to pay State and local taxes and fees. When factoring in federal requirements, 51% of the purchase price of each bottle of distilled spirits goes toward taxes and fees. These goods would subsequently have to be assessed higher prices if the advanced disposal fee is raised, ultimately hurting the consumer.

For the reasons stated above, we respectfully ask that you hold H.B. 900.



Representative Chris Lee, Chair
Representative Cynthia Thielen, Vice Chair
Committee on Energy and Environmental Protection
State Capitol, Honolulu, HI 96813

HEARING Thursday, February 07, 2013
 9:00 am
 Conference Room 325

RE: HB900, Relating to Recycling

Chair Gabbard, Vice Chair Ruderman 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. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

RMH opposes HB900, which establishes a tiered glass advanced disposal fee system based on the capacity of a glass container.

An increase of three cents per glass container holding twelve ounces or less actually is a **200% increase** in this tax. **Reality: this is an additional three cents per jar of baby food.** An increase of six cents is a 400% increase in each twelve-ounce or larger container. We question whether an increase of this magnitude is warranted or judicious at this time.

The greatest impact of an increase of this kind is on food products, for many of which, glass is the most advised and appropriate container. Food taxes are regressive and add to the cost of living for our families and consumers who can least afford higher costs at the grocery store.

Thank you for your consideration and the opportunity to testify.

Carol Pregill, President



Katie Jacoy
Western Counsel
31 West Road N
Tacoma, WA 98406
www.wineinstitute.org
kjacoy@wineinstitute.org
360-790-5729

THE HOUSE OF REPRESENTATIVES
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Testimony in Opposition to HB 900

Wine Institute ("WI") is a public policy association representing 962 California wineries and associated businesses. WI opposes HB 900 because it proposes a significant increase in the advance disposal fee (ADF) on glass wine bottles from \$.015 to \$.06 without demonstration of a compelling need or efficient use for this amount of new revenue. This fee increase would likely result in higher wine prices for Hawaii consumers.

According to the Beverage Information Group's 2012 Wine Handbook, the total consumption of table wine in Hawaii in 2011 was 1,790,700 cases, which equals 21,488,400 750ml bottles. Under the current fee of 1.5 cents, the Advanced Disposal Fee on these wine bottles raised about \$322,326. Under the bill, each of these bottles, since they contain more than 12 ounces, would be subject to a 6 cent fee. On wine bottles alone, this would have raised about \$1,289,304. This is more than the total expenditures for county collection programs in 2011, which were reported to be \$1,121,097. (Table 11, Report to Twenty-Sixth Legislature 2012, Annual Report on Solid Waste Management, December 2011.)

The bill's Justification Sheet explains that the City and County of Honolulu spent their allotment before the end of the 2011-2012 fiscal year, but without a study of the overall fiscal situation of the program and glass recycling goals, it is impossible to gage whether this significant fee increase is warranted. We question if there are adequate cost controls in this program if every time a county decides to pay more to recyclers there is a corresponding request to increase the fee to cover the costs.

We urge the Legislature to study the fiscal soundness of the program and the recycling goals before deciding to substantially increasing the ADF.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Tiered glass advanced disposal fee

BILL NUMBER: SB 1131; HB 900 (Identical)

INTRODUCED BY: SB by Kim by request; HB by Souki by request

BRIEF SUMMARY: Amend HRS section 342G-82 to provide that beginning on January 2, 2014, the advance disposal fee on glass containers shall be three cents per glass container containing twelve ounces or less determined by weight or volume; and six cents per glass container containing greater than twelve ounces determined by weight or volume.

EFFECTIVE DATE: January 1, 2014

STAFF COMMENTS: This is an administration measure submitted by the department of health HTH-18 (13). The justification sheet states that the majority of the advance disposal fee revenue is passed through the counties to fund glass recycling programs. While the counties have the ability to independently set rates paid to recyclers to account for variable costs in processing the glass and fluctuations in the market price of glass, it states that during the fiscal year 2011-12, the city and county of Honolulu increased the payout rate to glass recyclers and this resulted in the city and county of Honolulu depleting its allotment before the end of the fiscal year.

Currently the advance disposal fee on glass containers is one and one-half cents per container. This measure proposes to establish a tiered fee structure depending on the capacity of the container. Glass containers up to 12 ounces or less shall be assessed three cents per container while those containing more than 12 ounces shall be assessed a fee of six cents per container.

It should be noted that an audit of the state's beverage container recycling program by the State Auditor's office points to deficiencies that could expose it to fraud. According to the report, the state relies too much on redemption centers and distributors without a system of checks and balances. As a result, the people who bring recycled materials may be underpaid and over payments may have been made from the state to the beverage recycling centers. The study pointed out that "deposits and fee collections from distributors, as well as payments to redemption centers, are unsupported. For several sample distributor reports selected for testing, distributors could not support amounts and payments made to the program."

The report further pointed out ". . . the program may be operating at a greater cost than necessary, and the reported redemption rate may not be reliable. Resolution of these deficiencies is necessary to alleviate public concern over the cost of the state's beverage container recycling program, including questions on the container fee rate necessary to operate the program."

While this measure proposes to increase the existing advance disposal fee on glass, the problems with the HI-5 program should be addressed before any increase in fees is approved.

Digested 1/30/13

thielen3 - Charles

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 05, 2013 11:26 AM
To: EEPtestimony
Cc: Tiktoomy2@aol.com
Subject: Submitted testimony for HB900 on Feb 7, 2013 09:00AM

HB900

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
Shawne garliepp	Creekside lounge, Inc.	Oppose	No

Comments: It has been mandated for several years for bars to recycle then you add a fee to every single bottle, now you want to add additional cost to each glass bottle. At the rate the state is collecting money you will be putting many small businesses out of business, all bars should be exempt from bottle fees since we have been recycling bottles for over 25 years!!

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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thielen3 - Charles

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 04, 2013 5:29 PM
To: EEPtestimony
Cc: mz@conservehi.org
Subject: *Submitted testimony for HB900 on Feb 7, 2013 09:00AM*

HB900

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:

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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