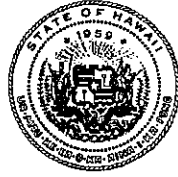


SB1130

RELATING TO RECYCLING.

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

NEIL ASERCROMBIE
GOVERNOR OF HAWAII



LORETTA J. FUDDY, A.C.S.W., M.P.H.
DIRECTOR OF HEALTH

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

In reply, please refer to:
File:

SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

SB 1130, RELATING TO RECYCLING

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

January 31, 2013
2:45 p.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

Promoting Lifelong Health & Wellness

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.

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

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SB1130

Submitted on: 1/29/2013

Testimony for ENE on Jan 31, 2013 14:45PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Marjorie Ziegler	Conservation Council for Hawai'i	Support	No

Comments:



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 ENVIRONMENT

Sen. Mike Gabbard, Chair; Sen. Russell E. Ruderman, Vice Chair

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

RE: SB 1130 RELATING TO RECYCLING

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

Chair & Committee Members:

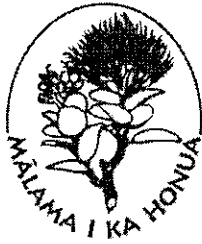
The Hawaii Food Industry Association strongly supports this measure.

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.

This measure will help to ensure the viability of the deposit beverage special fund, which has gone through a tenuous period recently.

This exemption is well justified and is needed to ensure that consumers are not forced to pay for unnecessary and unfair increases to the non-refundable portion of the deposit beverage container fee.

Mahalo for the opportunity to provide this testimony.



Sierra Club Hawai'i Chapter

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

SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

January 31, 2013, 2:45 P.M.
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 1130

Aloha Chair Gabbard and members of the Committee:

The Sierra Club, Hawaii Chapter, with over 10,000 dues paying members and supporters statewide, respectfully *supports* SB 1130. This measure restores the administrative charge for overseeing the beverage container special fund.

Hawaii's bottle law has proven to be an overwhelming success for Hawaii's environment, with *over 930 million bottles and cans diverted from Hawaii's landfills annually*. Beyond waste diversion, our recycling law reduces litter, creates jobs, and provides opportunities for churches, charities, and schools to fundraise. The recycling program proves that a little change can make a big difference.

We understand the economics of the bottle law are based upon receiving the exemption from central services expenses. Without this exemption, the bottle law could run out of funding and be forced to desist or stop reimbursing recyclers. This is an untenable situation.

We respectfully ask this Committee to restore the exemption and ensure the bottle law can continue.

Mahalo for the opportunity to testify.