

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

### S.B. 1131, S.D.2, RELATING TO RECYCLING

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

March 12, 2013  
8:30 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           Our goal is to create social and physical environments that promote and support good health for  
6 all. Thank you for the opportunity to testify on this measure.

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

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

EDUARDO P. MANGLALLAN  
DEPUTY DIRECTOR

ROSS S. TANIMOTO, P.E.  
DEPUTY DIRECTOR

IN REPLY REFER TO:  
WAS 13-56

March 11, 2013

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

The Honorable Della Au Belatti, Chair  
and Members of the Committee on Health  
House of Representatives  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Lee, Chair Belatti, and Members:

Subject: Senate Bill 1131, SD2, Relating to Recycling

The City and County of Honolulu's Department of Environmental Services supports adequate funding of programs to support glass recycling. Senate Bill 1131, SD2, 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

**thielen3 - Charles**

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, March 08, 2013 5:58 PM  
**To:** EEPtestimony  
**Cc:** mz@conservehi.org  
**Subject:** \*Submitted testimony for SB1131 on Mar 12, 2013 08:30AM\*

**SB1131**

Submitted on: 3/8/2013

Testimony for EEP on Mar 12, 2013 08:30AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Marjorie Ziegler	Conservation Council for Hawai'i	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.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)



## HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)

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

DATE: Tuesday, March 12, 2013  
TIME: 8:30AM  
PLACE: Conference Room 325  
State Capitol  
TO:

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
Rep. Chris Lee, Chair  
Rep. Cynthia Thielen, Vice Chair

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

### **RE: SB 1131 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 twelve ounces or less; and six cents for glass containers containing greater than twelve ounces.*

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. An increase of three cents per glass container holding twelve ounces or less is a 200% increase in this tax. An increase of six cents is a 400% increase in each twelve-ounce or larger container.

Mahalo for the opportunity to provide this testimony.

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

DATE: March 10, 2013

TO: Representative Chris Lee  
Chair, Committee on Energy & Environmental Protection

Representative Della Au Belatti  
Chair, Committee on Health  
*Submitted Via EEPTestimony@Capitol.hawaii.gov*

RE: **S.B. 1131 S.D.2 – Relating to Recycling**  
**Hearing Date: Tuesday, March 12, 2013 at 8:30am**  
**Conference Room: 325**

---

Dear Chairs Lee, Belatti and Members of the Joint Committees,

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

DISCUS **opposes** S.B. 1131 S.D.2. This bill seeks to establish a tiered glass advance disposal fee system based on the capacity of a glass container, and to significantly increase the advance disposal fees imposed upon the industry.

Glass bottles for wine and spirits are currently assessed an advance disposal fee of one and one half cents 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. 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 and, just as importantly, neither the Department nor the Counties have approached the companies that have been paying these fees for many years to discuss the proposed increase or to make any effort to justify this increase. We do not feel it is fair,

---

Gary M. Slovin  
Mihoko E. Ito  
Tiffany N. Yajima  
Nicole A. Velasco

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

appropriate, or sound policy to increase fees unless justification is shown and an effort to resolve issues regarding recycling efforts is made.

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 S.B. 1131 S.D.2 and direct the counties to begin discussions with the industry. The industry is certainly willing to work with the counties and the Department to resolve whatever issues exist regarding the recycling of glass. We think a cooperative effort is a far more positive approach.



Representative Chris Lee, Chair  
Representative Cynthia Thielen, Vice Chair  
Committee on Energy and Environmental Protection

HEARING      Tuesday, March 12, 2013  
                  8:30 am  
                  Conference Room 325  
                  State Capitol, Honolulu, HI 96813

**RE:    SB1131, SD2, Relating to Recycling**

Chair Lee, Vice Chair Thielen, 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 SB1131, HD2**, 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 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 the opportunity to testify.

Carol Pregill, President





Katie Jacoy  
Western Counsel  
31 West Road N  
Tacoma, WA 98406  
[www.wineinstitute.org](http://www.wineinstitute.org)  
[kjacoy@wineinstitute.org](mailto:kjacoy@wineinstitute.org)  
360-790-5729

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

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

**Testimony in Opposition to SB 1131, SD 2**  
**March 12, 2013**

Wine Institute ("WI") is a public policy association representing 962 California wineries and associated businesses. WI opposes SB 1131, SD 2 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.

March 11, 2013

Via Email

Representative Chris Lee, Chair  
Representative Cynthia Thielen, Vice Chair  
House Committee on Energy and Environmental Protection  
Hawaii State Capitol  
415 South King Street  
Honolulu, Hawaii 96813

Representative Della Au Belatti, Chair  
Representative Dee Morikawa, Vice Chair  
House Committee on Health  
Hawaii State Capitol  
415 South King Street  
Honolulu, Hawaii 96813

Re: S.B. No. 1131, Senate Draft 2 relating to Recycling

Dear Chairs Lee and Belatti, Vice Chairs Thielen and Morikawa, and Committee Members:

On behalf of the Hawaii Liquor Wholesalers Association ("HLWA"), we respectfully submit the following written testimony in **opposition** to S. B. No. 1131, Senate Draft 2, relating to recycling, which is to be heard by your Committees on Energy and Environmental Protection, and on Health on March 12, 2013.

S.B. No. 1131, S.D.2, would **double** the advance disposal fee from 1.5 cents to 3 cents per container on containers containing 12 ounces or less, and **quadruple** the disposal fee from 1.5 cents to 6 cents per containers on containers containing more than 12 ounces.

HLWA believes that S.B. No. 1131, S.D.2 is inappropriate for several reasons.

First, although the doubling or quadrupling of the disposal fee is purportedly necessary to increase funding for the glass recycling program, there has been no showing that proposed increase in fees is properly correlated to actual or necessary programs costs. For example, in testimony submitted by other testifiers in connection with S.B. No. 1131, S.D.1, it was pointed out that increased fees collected on a single type of glass containers would exceed the total expenditures for county programs. Thus, there does not appear to be any basis in the record to determine whether the proposed increases are appropriate.

House Committee on Energy and Environmental Affairs  
House Committee on Health  
March 11, 2013  
Page 2 of 2

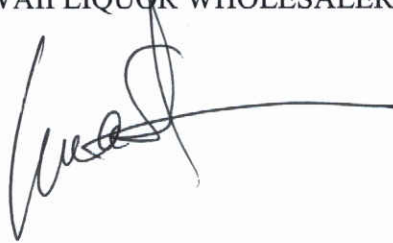
Second, we note that the State Auditor's Report on the state's beverage recycling program noted significant potential problems. Thus, compounded with the fact that there is no basis to determine whether the proposed increases are appropriate for the expenditures contemplated, there is reason to question whether the expenditures themselves are being properly incurred.

Respectfully, before we ask our customers and business to pay doubled or quadrupled fees, the State needs to show that the program is being operated properly and the increased fees are appropriate to a properly run program.

In the absence of such a showing, we respectfully oppose S.B. No. 1131, S.D.2. Thank you for your consideration of the foregoing.

Very truly yours,

HAWAII LIQUOR WHOLESALERS ASSOCIATION

A handwritten signature in black ink, appearing to be a stylized name, positioned below the typed name of the Hawaii Liquor Wholesalers Association.



# Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803  
808.538.6616 [hawaii.chapter@sierraclub.org](mailto:hawaii.chapter@sierraclub.org)

## HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

March 12, 2013, 8:30 A.M.  
(Testimony is 1 page long)

### TESTIMONY IN SUPPORT OF SB 1131 SD2

Chair Lee and members of the Committee:

The Sierra Club, Hawaii Chapter, with over 10,000 dues paying members and supporters statewide, respectfully *supports* SB 1131 SD2. 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.

We ask that this Committee amend the effective date and move this measure forward. Mahalo for the opportunity to testify.

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

**COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

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

**COMMITTEE ON HEALTH**

Rep. Della Au Belatti, Chair  
Rep. Dee Morikawa, Vice Chair

**NOTICE OF HEARING**

DATE: Tuesday, March 12, 2013 - TIME: 8:30AM  
PLACE: Conference Room 325, State Capitol

**SB 1135, SD2 -RELATING TO RECYCLING.**

Amends and expands the Electronic Waste and Television Recycling program. Effective date is 7/1/50. (SD2)

**SB 1133, SD2 - RELATING TO THE DEPOSIT BEVERAGE CONTAINER PROGRAM.**

Removes the exemption for dietary supplements in amounts greater than one ounce from the deposit beverage container program. Effective 7/1/50. (SD2)

**SB 1131, SD2 - RELATING TO RECYCLING.**

Establishes a tiered glass advance disposal fee based on the capacity of the glass container. Effective 7/1/50. (SD2)

**SB 1131 - Relating To Recycling**

Zero Waste Kauai, a local non-profit organization advocating sustainable solid waste management policies strongly supports this measure.

This proposal would increase the existing glass Advance Disposal Fee from the current 1.5 cents per container to 3 cents for smaller containers and 6 cents for containers over 12 oz. This increase would provide additional resources to help keep glass out of the proposed mixed curbside recyclables.

The glass Advance Disposal Fee (ADF) program was created in 1994 to assist in the diversion of glass containers. Under the program, the DOH collects a fee of 1.5 cents per container from the distributors of non-deposit glass container sold in the state. The majority of funds are passed through to the counties, in amounts proportional to population, for the operation of non-redemption glass recycling programs.

The funding provided through the ADF has allowed the Counties to cover a portion of the cost of collecting and recycling glass in their Recycling Programs, increasing the ADF would enable the DOH to increase funding to all counties to bolster their glass recycling efforts.

Here on Kauai it would help expand the recycling of glass generated by commercial operations (hotels, restaurants and bars), and as we move towards curbside recycling assist in minimizing glass contamination at our processing facility.

### **SB 1133 - Relating to the Deposit Beverage Container Program**

Zero Waste Kauai, a local non-profit organization advocating sustainable solid waste management policies supports this measure.

This proposal would eliminate the exemption for dietary supplements in the Deposit Beverage Container program. The revenue impact of this change may be minor, but it would help reduce confusion to the consumer regarding DBC program acceptance which currently impacts convenience and would allow for more efficient operation of the redemption centers (less time spent sorting containers to pull out a few rejects).

### **SB 1135 – Relating to Recycling**

Zero Waste Kauai, a local non-profit organization advocating sustainable solid waste management policies supports this measure with recommendations.

This proposal would revise and expand the State's electronic waste and television recycling program to require manufacturers and importers to provide a more convenient and efficient collection system for consumers. The Bill was originally intended to expand the range of electronic devices covered by the current law to include a majority of electrically powered small appliances and devices.

It would create a much needed registration and reporting system, set mandatory collection and recycling goals for manufacturers, and foster a collaborative programmatic framework for the State to work with both manufacturers and the counties in implementing the program.

Zero Waste Kauai requests the Committee to revise the current draft to return the definition of covered electronic devices to include other small electronics besides computers and televisions, as it was originally intended by the task force.

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Tiered glass advance disposal fee

BILL NUMBER: SB 1131, SD-2

INTRODUCED BY: Senate Committee on Ways and Means

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: July 1, 2010

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. The department of health

dismisses the charge that fraud is possible yet has not come forward with any definitive resolutions to address this problem. What is known is that both the glass disposal program as well as the beverage redemption program have engendered a growing bureaucracy of public employees that are being paid for out of the fees which these programs generate. As was recently pointed out in a committee hearing, the beverage deposit fee has provided the incentive to retrieve and recycle the container in exchange for the deposit fee. As such, it was noted by the director of the recycling programs, a beverage container was discarded in the morning and when he returned in the afternoon, someone had picked up the container obviously to redeem it for the nickel. The point being is that for the first person who discarded the beverage container in the first place the behavior has not changed and for that person, the container was merely discarded. To that extent, the beverage deposit program has failed to achieve its purpose which is to change the behavior of consumers.

In this case the two-tier fee system is supposed to recognize the additional costs for transportation of these containers which are of higher density and therefore incur higher shipping costs. But upon further reading, the two-tiered fee is actually being requested because the program ran out of money midyear and forced the reduction of the payout rates. Thus, this measure is nothing more than an attempt to raise additional resources for a program that obviously has not been fully evaluated. Before any increase is adopted, an audit of the glass-recycling program appears to be imperative as the fee is not designed to appropriately respond to the demand.

It is estimated that glass containers distributed by the liquor wholesalers account for roughly 60% of all containers subject to the glass advance disposal fee (ADF). A quick survey of the major liquor distributors in the state revealed that they were responsible for paying the advance disposal fee on more than 28 million glass containers during the calendar year 2012. At the statutory rate of 1.5 cents per container on all glass containers other than those glass containers which are subject to the beverage deposit fee, otherwise known as the HI-5 fee, the current ADF generated \$420 thousand from liquor wholesalers.

Assuming that most of the glass containers these distributors imported held more than 12 ounces except for beverage deposit containers such a beer bottle, the 28 million containers would be subject to the higher proposed fee of six cents. This would mean that, if enacted, this segment of importers of glass containers would pay nearly \$1.7 million assuming no growth in sales. This would be a 300% increase in the advance deposit fee for this industry.

In its annual reports, the solid waste management division of the department of health notes that the adoption of the deposit beverage container (DBC) fee in 2004 had a deleterious effect on the collections of the glass advance disposal fee as it transferred the glass beverage container to the deposit beverage container program since the statute exempted glass beverage containers from the glass advance deposit fee. Not only did the DBC erode the glass container base, but raids were made on the special fund to make up for the shortfall in the general fund budget that began in FY 2010. As a result, no payments were made to the counties during FY 2010.

Further, as the department of health noted in its testimony, until very recently most of the buy back of glass containers has been focused on commercial users. However, the City & County of Honolulu made a concerted outreach to the general public. The generous four cents per pound proved to be overly generous and the City & County had to reduce the buy back rate to the general public to one cent per



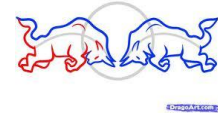
pound. Compounding the problem is the fact that in FY 2011, more was paid out of the ADF to the counties than the 1.5 cent fee generated in that year.

Thus, while the previous committee reports seem to infer that the higher fee is needed because of the density and weight of glass as it affects shipping costs, the fact of the matter is that the rate of the buy back is greater than what is being generated by the current fee. Unless there is a demonstrated reduction in the recycling of glass containers by the general public because the buy back rate has been reduced to a penny per pound, there should be no basis for raising the rate of the ADF.

Digested 3/11/13



**Young's Market Company**  
of Hawaii



**Brent Johnston**

**SB 1131-S.D.2 Relating to Recycling**

Committee on Energy & Environmental Protection

Rep. Chris Lee, Chair, Rep. Cynthia Thielen, Vice Chair & Committee members

Dear Chair Chris Lee, Vice Chair Cynthia Thielen & members of the Committee on Energy & Environmental Protection,

I am the Red Bull Division Manager for Young's Market Company of Hawaii. We are a wholesale distributor of Spirits, Wines and Non-Alcoholics. Having paid into the advance glass tax program for years and for 2012 alone we have paid in over \$100,000. The proposal SB 1131-S.D.2 would equate to a 300% increase and would inflate the cost of our products, which would have a negative effect to our consumer (higher prices). We already pay a fair amount of taxes on our commodity as it is.

Please hold on this administrative measure to drastically increase the advance glass disposal fee on glass containers to three cents per container containing twelve ounces or less and six cents on per glass container containing greater than twelve ounces.

I strongly suggest that the problems with the HI-5 program be addressed before any increases in fees are put in place for the AGF program. I understand that the audit conducted by the State Auditor's office related to the beverage container recycling program disclosed deficiencies that could expose it to fraud. There are no checks and balances and there could be potential underpayments to some while others are overpaid. This is a serious problem.

An audit of the advance glass program should be conducted before you move on this bill. The audit could also disclose some issues that could be resolved in conjunction with the beverage container recycling program.

Please hold SB 1131.



**Young's Market Company**  
of Hawaii

*From the desk of ...*

**Eric M. Fujimoto**  
**VP Sales/Branch Manager**  
**Island of Kaua'i**

---

**SB 1131-S.D.2 Relating to Recycling**

Committee on Energy & Environmental Protection

Rep. Chris Lee, Chair, Rep. Cynthia Thielen, Vice Chair & Committee members

Dear Chair Chris Lee, Vice Chair Cynthia Thielen & members of the Committee on Energy & Environmental Protection,

I am the VP Sales/Branch Manager for the Island of Kaua'i. We are a wholesale distributor of Spirits and Wines. We have been paying into the advance glass tax program for the last couple of years and for 2012 alone we have paid in over \$100,000. Your proposal would equate to a 300% increase and would add to the cost of our product, which would directly affect the consumer. We already pay a fair amount of taxes on our commodity as it is.

Please hold on this administrative measure to increase the advance glass disposal fee on glass containers to three cents per container containing twelve ounces or less and six cents on per glass container containing greater than twelve ounces.

I would strongly suggest that the problems with the HI-5 program be addressed before any increases in fees are put in place for the AGF program. I understand that the audit conducted by the State Auditor's office related to the beverage container recycling program disclosed deficiencies that could expose it to fraud. There are no checks and balances and there could be potential underpayments to some while others are overpaid. This is a serious problem.

An audit of the advance glass program should be conducted before you move on this bill. The audit could also disclose some issues that could be resolved in conjunction with the beverage container recycling program.

Please hold SB 1131.



**SB 1131-S.D.2 Relating to Recycling**

Committee on Energy & Environmental Protection

Rep. Chris Lee, Chair, Rep. Cynthia Thielen, Vice Chair & Committee members

Dear Chair Chris Lee, Vice Chair Cynthia Thielen & members of the Committee on Energy & Environmental Protection,

I am the VP of Finance for Young's Market Company of Hawaii. We are a wholesale distributor of Spirits and Wines. We have been paying into the advance glass tax program for years and for 2012 alone we have paid in over \$100,000. Your proposal would equate to a 300% increase and would add to the cost of our product, which would directly affect the consumer. We already pay a fair amount of taxes on our commodity as it is.

Please hold on this administrative measure to increase the advance glass disposal fee on glass containers to three cents per container containing twelve ounces or less and six cents on per glass container containing greater than twelve ounces.

I would strongly suggest that the problems with the HI-5 program be addressed before any increases in fees are put in place for the AGF program. I understand that the audit conducted by the State Auditor's office related to the beverage container recycling program disclosed deficiencies that could expose it to fraud. There are no checks and balances and there could be potential underpayments to some while others are overpaid. This is a serious problem.

An audit of the advance glass program should be conducted before you move on this bill. The audit could also disclose some issues that could be resolved in conjunction with the beverage container recycling program.

Please hold SB 1131.

**thielen3 - Charles**

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 11, 2013 11:05 AM  
**To:** EEPtestimony  
**Cc:** leealdrige@msn.com  
**Subject:** \*Submitted testimony for SB1131 on Mar 12, 2013 08:30AM\*

**SB1131**

Submitted on: 3/11/2013

Testimony for EEP on Mar 12, 2013 08:30AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lee Aldridge	Individual	Oppose	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.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

**thielen3 - Charles**

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 11, 2013 9:21 PM  
**To:** EEPtestimony  
**Cc:** myurth@youngsmarket.com  
**Subject:** Submitted testimony for SB1131 on Mar 12, 2013 08:30AM

**SB1131**

Submitted on: 3/11/2013

Testimony for EEP on Mar 12, 2013 08:30AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melody Yurth	Individual	Oppose	No

Comments: As a distributor and consumer, I oppose SB #1131 glass tiered advance disposal fee. All of these increases end up to be additional cost to the end user, the consumer. How many more of these increases can the people of Hawaii endure?

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.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

To whom it may concern

Why are we including a fee on top of the deposit fee we all pay? You are making it more expensive to live in Aloha. You should be looking into privatizing that sector of business. Please look at other ways to generate revenue for the state and control spending.

Thank you

Terry Tatsugawa