

STAND. COM. REP. NO.

3134

Honolulu, Hawaii

MAR 25 2014

RE: S.C.R. No. 74
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committees on Energy and Environment and Public Safety, Intergovernmental and Military Affairs, to which was referred S.C.R. No. 74 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE AUDITOR TO CONDUCT AN AUDIT OF THE ADVANCE DISPOSAL FEE PROGRAM AND THE ENVIRONMENTAL MANAGEMENT SPECIAL FUND,"

beg leave to report as follows:

The purpose and intent of this measure is to request an examination of the advance disposal fee program by the Department of Health and an audit of the advance disposal fee program and the environmental management special fund by the Auditor.

Your Committees received testimony in support of this measure from the Hawaii Liquor Wholesalers Association, Wine Institute, and two individuals. Your Committees received comments on this measure from the Department of Health.

Your Committees find that the cost of recycling non-deposit glass containers exceeds the revenue that the State collects through the 1.5 cent fee imposed on each of these glass containers through the Department of Health's advance disposal fee program. The advance disposal fee is deposited into the environmental management special fund, and the counties receive approximately ninety percent of the revenue deposited into the fund and establish the amount that they pay glass recyclers for accepting recyclable glass from the counties. The counties report that they commonly exhaust the advance disposal fee revenue before the end



of each fiscal year. The high cost of shipping and the relatively low revenue from scrap glass are major causes of the advance disposal fee program's deficit. Requiring that the advance disposal fee cover the entire cost of shipping scrap glass to recyclers would cause consumers to pay for shipping glass containers both to and from the State.

Your Committees further find that before requiring consumers to pay a higher disposal fee, the existing recycling program, including the use of state funds by the counties, should be examined to determine whether the advance disposal fee program is the most cost-effective way to handle recyclable glass, and how costs may be reduced.

Your Committees have amended this measure by:

- (1) Requesting the Department of Health to convene a task force or working group to examine local alternatives to shipping glass out of State, determine the feasibility and costs of such local alternatives compared to shipping the glass out of State, and recommend any changes to the advance disposal fee, rather than having the Department meet with the respective counties and other stakeholders to examine the advance disposal fee program;
- (2) Clarifying the request to the Auditor to conduct an audit of the advance disposal fee program;
- (3) Deleting language that references the environmental management special fund;
- (4) Inserting language to request that the Department of Health include certain representatives in the task force or working group;
- (5) Inserting language to request the Department of Health to submit the findings and recommendations of the task force or working group to the Legislature no later than twenty days prior to the convening of the Regular Session of 2015;
- (6) Deleting language that requested the Auditor to include in the audit of the advance disposal fee program an examination of local alternatives to shipping glass

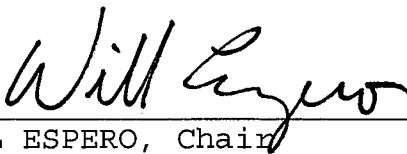


containers out of the State for recycling, the use of glass as landfill cover or in roadway asphalt, and whether these programs would be environmentally and economically prudent alternatives;

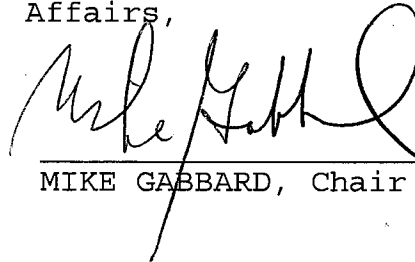
- (7) Deleting language that requested the Auditor to confer with affected businesses in preparing the audit;
- (8) Amending the title of the measure to read, "REQUESTING THE DEPARTMENT OF HEALTH TO CONVENE A TASK FORCE OR WORKING GROUP TO EXAMINE LOCAL ALTERNATIVES TO SHIPPING GLASS OUT OF STATE, DETERMINE THE FEASIBILITY AND COSTS OF SUCH LOCAL ALTERNATIVES COMPARED TO SHIPPING THE GLASS OUT OF STATE, AND RECOMMEND ANY CHANGES TO THE ADVANCE DISPOSAL FEE AND REQUESTING THE AUDITOR TO CONDUCT AN AUDIT OF THE ADVANCE DISPOSAL FEE PROGRAM"; and
- (9) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Public Safety, Intergovernmental and Military Affairs that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 74, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 74, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committees on Energy and
Environment and Public Safety,
Intergovernmental and Military
Affairs,



WILL ESPERO, Chair



MIKE GABBARD, Chair



