



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

HOUSE COMMITTEE ON WATER & LAND

**SCR 74 SD 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 AND REQUESTING THE
AUDITOR TO CONDUCT AN AUDIT OF THE ADVANCE DISPOSAL FEE
PROGRAM.**

Testimony of Linda Rosen, M.D., M.P.H.
Director of Health

April 10, 2014
9:30 a.m.

- 1 **Department's Position:** The department offers comments on this measure.
- 2 **Fiscal Implications:** Up to \$100,000 for the cost of the financial audit, which will reduce the glass fund
3 amount distributed annually to the counties.
- 4 **Purpose and Justification:** This measure requests that the department convene a task force or working
5 group to examine local alternatives to shipping glass out of State, determine the feasibility and costs of
6 such local alternatives compared to shipping the glass out of State, recommend any changes to the
7 advance disposal fee (ADF), and report to the 2015 Legislature. It also requests the Auditor to audit the
8 ADF program; and also report to the 2015 Legislature.
- 9 The department prefers that only a task force be convened to study environmental and cost-
10 effective ways to recycle glass, and evaluate whether the glass ADF should be increased to achieve the
11 state's recycling goal. A task force study would allow us to convene and collaborate with all the affected

1 stakeholders including the counties, and to more fully evaluate local glass recycling options. We are
2 aware of another similar version now in the Senate known as H.C.R. 207 H.D. 1. Should the committee
3 decide that an audit is still necessary, we respectfully suggest that the committee give preference to the
4 measures proposed in S.C.R. 74 S.D. 1 because it has the same goals of examining the fund and local
5 alternatives to shipping glass out-of-state.

6 The ADF program is administered by the department in accordance with Chapter 342G, Part VII,
7 Hawaii Revised Statutes. The department collects a one-and one-half cent fee from manufacturers and
8 importers and distributes ninety percent of collections to the counties via annually renewable contracts.
9 Each county uses the funds to operate their glass buy-back programs. Each county sets their own glass
10 incentive payments to recyclers for collected non-deposit glass in order to account for variable costs of
11 each local recycler, and to compensate for market fluctuations in the price of non-deposit glass.

12 Non-deposit glass such as wine bottles and nail polish containers are easy to collect but more
13 difficult to recycle. Markets for collected non-deposit glass containers are outside the state; no one
14 manufactures glass bottles in Hawaii. So local recyclers must endure perennially high shipping rates.
15 Past proposals to start local glass recycling facilities have not flourished. For example, testimony from a
16 previous legislative session found that glass will reduce the quality of asphalt roadways in Hawaii.

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

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

TO:
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Rep. Lee, Chair
Rep. Thielen, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: April 10, 2014
TIME: 9:30am
PLACE: Conference Room 325

RE: SCR 74

Position: Support

HFIA is in support of this measure. We believe that an audit of the advance disposal fee program and environmental management special fund would be appropriate because the Department of Health and the counties have proposed substantial increases (in some cases double to quadruple the current rates) in the glass advance disposal fee though it has not been shown how exactly the existing or increased fees are correlated to the actual and necessary program costs. An audit would help clarify this.

Any increase in fees will mean an increase in costs for Hawaii consumers. We believe an audit should be performed before fees increase to determine whether any proposed increases are appropriate. Our concern is compounded by the fact that the State Auditor's Report on the state's beverage recycling program noted significant potential problems in the implementation of that program.

We also would recommend that the auditor be requested to include the University of Hawaii in her audit for the purpose of determining whether there are any local alternatives to shipping glass to the mainland for recycling, which we understand is the primary method of recycling currently undertaken. Particularly given our state's high shipping costs, forcing consumers to pay the cost to ship glass containers to the mainland, rather than recycling locally seems to be a poor choice. Unfortunately, if the State, counties and recyclers can simply pass on those costs to Hawaii consumers, there is no mechanism to encourage the development of alternatives. For that reason, we suggest that the University of Hawaii's environmental group be included in the audit and asked to assist in developing a

short term, e.g., 3 years, demonstration project on Oahu to recycle glass here. Such demonstration projects might include the production of glass sand as an alternative to dirt as a ground cover for land fills, for use in cement products, etc. We believe that such an alternative could be a win-win situation for both the environment and consumers.

Thank you for the opportunity to testify.



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

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

HOUSE COMMITTEE ON WATER & LAND

Thursday, April 10, 2014 at 9:30 am

**Testimony in Support of
SCR 74 S.D.1 (Advanced Disposal Fee Study)**

Dear Chair Lee, Chair Evans and Members of the Joint Committees:

Wine Institute ("WI") is a public policy association representing 923 California wineries and associated businesses.

WI supports the intent of SCR 74 S.D.1, which requests the auditor to conduct an audit of the advanced disposal fee (ADF) program and the environmental management special fund.

WI believes that, before any increase of the ADF is imposed, a comprehensive study of the program and exploration of possible collaborative ways to lower the costs should be done. This review should include an exploration of potential uses of recycled glass in Hawaii.

Hawaii loses money recycling glass. Shipping glass to the west coast for recycling costs about \$125 per ton, which far outweighs its value - \$20-\$60 per ton (depending on color and sort). So at its highest value - \$60 per ton, Hawaii is still losing \$65 per ton, before taking into account the costs of collection, processing and transporting the glass to the docks. With such significant losses in the program, it should be reevaluated, instead of just increasing the fees on most imported glass.

Hawaii wine consumers already pay one of the highest prices in the United States for their wine, because the transportation costs to ship wine to Hawaii are high, Hawaii's liquor excise tax is 10th highest in the nation, and wine is also subject to the general excise tax of 4.17% or 4.712% for Honolulu County. After years of double-digit declines, Hawaii's tourism industry has recovered. Tourism accounts for a significant percentage of Hawaii's GDP and its jobs. Restaurants, hotels, and wine retailers can't afford a fee increase that will be passed along to them that may hamper their businesses.

WI supports a study of the ADF program, and the convening of a task force or working group to facilitate discussions between government and stakeholder participants to provide recommendations on how to most effectively, economically and efficiently handle glass recycling. WI would be interested in being part of further discussions regarding the ADF program and collaborating with other stakeholders to find solutions that are more efficient and effective than the current system. WI therefore respectfully requests that the resolution be amended to include "industry representatives who are currently paying the ADF fee" as members of the task force.

Thank you very much for the opportunity to provide testimony on this measure.