



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

In reply, please refer to:
File:

SENATE COMMITTEE ON WAYS AND MEANS

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 1, 2014
9:00am**

- 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
12 stakeholders including the counties, and to more fully evaluate local glass recycling options.

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

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

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

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SENATE COMMITTEE ON WAYS AND MEANS
Tuesday, April 1, 2014 at 9:00 am

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

Dear Chair Ige and Members of the Committee on Ways and Means:

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.

The Solid Waste Management Report to the Legislature in December 2012 did not contain expenditure data for all the counties, so it is not clear how much was spent to run the program. Complete fiscal information relating to this program should be compiled before any decision to increase the fee is made. We also question if there are adequate cost controls in this program. A county, without oversight, can decide to increase the amount paid to recyclers, then come to the Legislature, after the fact, to request a fee increase to cover the additional costs.

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 comments on this measure.