

**TESTIMONY OF JAN K. YAMANE, ACTING STATE AUDITOR,
ON SENATE BILL NO. 1260, RELATING TO RECYCLING**

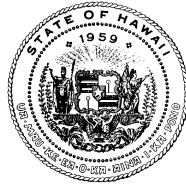
Committee on Finance

April 8, 2015

Chair Luke and Members of the Committees:

I am Jan Yamane, Acting State Auditor. Thank you for the opportunity to testify in support of Senate Bill No. 1260, relating to recycling. The purpose of this measure is to mandate the Department of Health to adopt and implement the recommendations made in our Report No. 14-17, *A Study to Identify Local Alternatives to Shipping Non-Deposit Glass out of the State of Hawai'i*, which we released in December 2014. We contracted with Oceanit Laboratories, Inc. to conduct the study. Oceanit concluded that before Hawai'i can successfully implement local uses of ADF glass, it must first address significant obstacles to local down-cycling of ADF glass. This measure would require the Department of Health to implement our recommendations to address such obstacles, as well as to report back to the 2016 Legislature.

Thank you again for the opportunity to testify in support of Senate Bill No. 1260. I am available to answer any questions you may have.



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Testimony in OPPOSITION to S.B. 1260
RELATING TO RECYCLING

REPRESENTATIVE SYLVIA LUKE, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: April 8, 2015

Room Number: 308

1 **Fiscal Implications:** Increase the Glass Advance Disposal Fee (ADF) from 1.5¢ per non-
2 deposit glass container to an unspecified amount. The fee is applied to all non-deposit glass
3 containers sold in the state.

4 **Department Testimony:** The goal of this measure is “...to mandate the Department of Health to
5 adopt and implement the recommendations made by the office of the Auditor.” This measure
6 requires the Department to: 1) perform a cost-benefit analysis of, and consider, combining the
7 Glass ADF and Deposit Beverage Container programs; 2) update the Department’s 2008 Draft
8 Glass Recycling Policy; 3) work with stakeholders to make practical policies and rules governing
9 the stockpiling of glass; and 4) increase the recovery rate of ADF glass to 75%.

10 The Department of Health respectfully opposes this measure on the basis that we do not seek an
11 increase in the Glass ADF at this time and instead defer to the priorities established in the
12 executive budget request.

13 Generally speaking, while the Auditor’s Report No. 14-17 was a good start in scrutinizing the
14 ADF program, the recommendations should not be taken as fully analyzed options that can be
15 implemented as is. We offer the following clarifying comments on the four recommendations
16 listed in the bill:

17 1) Consider combining the advance disposal fee and deposit beverage container glass
18 processing streams to increase efficiency and decrease costs...

1 Comment: Further analysis is needed to determine the feasibility integrating the glass
2 streams of the two programs as multiple recycling, economic, financial and administrative issues
3 would have to be considered.

4 2) Update and finalize the 2008 Department of Health Policy Glass Recycling Draft.

5 Comment: The Department would be able to undertake a re-analysis of the draft policy.

6 3) Work with stakeholders to make practical policies and rules governing the stockpiling of
7 processed glass.

8 Comment: Program statute or policy does not prevent the stockpiling of glass by recyclers.
9 Limitations on the stockpiling are economic in nature and relate to the cost of maintaining space
10 intensive inventory of processed glass.

11 4) Increase the recovery rate for advance disposal fee glass containers to 75%...(through) an
12 increase in the advance disposal fee rate.

13 Comment: The Glass ADF of 1.5¢ per non-deposit container is set by statute and requires
14 legislative action to increase. The Department is not seeking to increase the ADF rate at this
15 time.

16 Thank you for the opportunity to testify on this measure

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