



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

The Honorable Chris Lee, Chair
The Honorable Nicole E. Lowen, Vice Chair

H.B. No. 184, Relating to Recycling

Hearing: Tuesday, January 31, 2017, 8:30 a.m.

The Office of Auditor **supports** S.B. No. 184, Relating to Recycling.

The purpose of this measure is to mandate the Department of Health to adopt and implement the recommendations made in 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. (Oceanit) to conduct the study because our office does not have expertise in environmental issues. Oceanit concluded that before Hawai'i can successfully implement local uses of advance disposal fee (ADF) glass, it must first address significant obstacles to local down-cycling of ADF glass. This measure would require implementation of recommendations made to the Department of Health to address such obstacles.

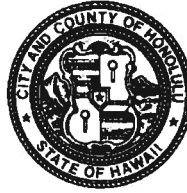
Thank you again for the opportunity to testify in support of HB 184. I am available to answer any questions you may have.

Thank you for your support of the Office of the Auditor and for considering the Office of the Auditor's testimony in **support** of H.B. 184.

DEPARTMENT OF ENVIRONMENTAL SERVICES
CITY AND COUNTY OF HONOLULU

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IN REPLY REFER TO:
WAS 17-16

January 30, 2017

The Honorable Chris Lee, Chair
The Honorable Nicole Lowen, Vice Chair
and Members of the Committee on
Energy and Environmental Protection
House of Representatives
State Capitol
415 South Beretania Street, Room 436
Honolulu, Hawaii 96813

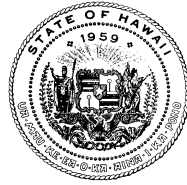
Dear Chair Lee, Vice Chair Lowen and Members:

Subject: House Bill 184, Relating to Recycling

The City and County of Honolulu's (City) Department of Environmental Services supports HB 184, which would increase the efficiency of glass recycling subsidy program administration and could result in increased funding for non-deposit glass recycling.

Glass recycling in Hawaii is subsidized by two programs; non-deposit glass recycling is subsidized by the Advanced Disposal Fee (ADF) program, while deposit beverage container glass recycling is subsidized by the Deposit Beverage Container (DBC/HI-5) program. Each program requires that its glass be processed and marketed separately from other glass in order to be eligible for the subsidy. This creates a significant inefficiency in processing operations in that it effectively requires recycling companies to maintain separate processing and shipping operations for glass sorted according to the fund from which the subsidy is paid. The City recommends that the ADF and HI-5 glass recycling subsidy programs be combined. This would eliminate the fund source issue and allow for combination of these processing streams.

In addition to the operational inefficiencies caused by having to keep these material streams separate, limited funding for non-deposit glass recycling continues to be problematic for the City. The glass ADF, which provides funding for non-deposit glass recycling, was set at 1.5 cents per container more than 20 years ago and has not since been adjusted to accommodate for changes in recovery rates or operating costs. The cost to ship glass to West Coast recycling facilities, where it's remanufactured into



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**WRITTEN
TESTIMONY ONLY**

**Testimony COMMENTING on H.B. 184
RELATING TO RECYCLING**

REPRESENTATIVE CHRIS LEE, CHAIR
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Hearing Date: 1/31/2017
Time: 8:30 a.m.

Room Number: 325

1 **Fiscal Implications:** The Department needs an appropriation of \$100,000 from the general fund
2 to conduct the cost-benefit analysis of combining the advance disposal fee (ADF) glass with the
3 deposit beverage container (DBC) glass processing streams.

4 **Department Testimony:** This measure requires the Department to perform a cost-benefit
5 analysis of combining the ADF glass with the DBC glass processing streams and to report on the
6 Department's progress in adopting the recommendations contained in Auditor's Report 14-17.
7 The Department is requesting an appropriation from the general fund, to cover the costs of
8 conducting the analysis.

9 The Department respectfully requests an additional year to submit its report to the
10 legislature. The additional time is needed for the Department to obtain the Governor's approval
11 to contract for this analysis, go through the state's procurement process to hire a contractor, and
12 finally for the contractor to conduct the analysis. This analysis may require visits to neighbor
13 island recyclers that collect and process ADF material in order to determine the effects of
14 combining the ADF glass with the DBC glass processing streams.

15 Thank you for the opportunity to testify on this measure and we appreciate the
16 legislature's support of the state's recycling programs.



LATE

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Testimony in Opposition to HB 184 Relating to Recycling

Wine Institute ("WI") is a public policy association representing 835 California wineries of all sizes. WI submits **comments** regarding HB 184, which proposes to mandate the recommendations made by the office of the auditor to the Department of Health (DOH) regarding advance disposal fee glass containers and glass recycling.

HB 184 selectively requires implementation of the Audit of the Department of Health's Glass Advance Disposal Fee Program and A Study to Identify Local Alternatives to Shipping Non-Deposit Glass out of the State of Hawai'i, submitted to the Governor and the Legislature in December 2014. Specifically, the bill requires DOH to: 1) perform a cost-benefit analysis regarding combining the Advanced Disposal Fee (ADF) and deposit beverage glass waste streams, 2) adopt a down-cycling policy, 3) work with stakeholders to create policies and rules regarding stockpiling glass, and 4) increase recovery rates to 75%.

Before considering any changes to the ADF program, there should be thorough consideration of the issues and recommendations provided in the Auditor's study. The study provides excellent information regarding issues with the program and potential changes that should be implemented by DOH. The Wine Institute supports the formation of a working group to move forward on the study's findings, and determine the best hierarchy for waste management practices relating to glass given Hawaii's unique circumstances. We also believe that permitting down-cycling is a key step towards considering alternatives to shipping glass off island using fossil fuels. A working group could also consider critical issues, such as combining the glass streams from the deposit beverage container program and the ADF program, any policy changes needed to place down-cycling on equal footing with recycling for the entire glass stream, and whether there is a down-cycling alternative that is better for Hawaii than expending dollars and resources to ship glass to the mainland where there is little market for the materials. The consultant hired by the State Auditor to study local alternatives, Oceanit Laboratories, may be a helpful participant in any such discussions.

For these reasons, we respectfully urge this Committee to consider additional study of the broader issues relating to glass waste management. Thank for very much for the opportunity to submit testimony.