



SIERRA CLUB OF HAWAII

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LATE

SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 23, 2018 11:00AM Room 211

In SUPPORT of SB 3099 SD1 Relating to solid waste management

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee,

On behalf of our 20,000 members and supporters, the Sierra Club of Hawai'i, a member of the Common Good Coalition, **strongly supports SB 3099 SD1**, which requires the Department of Health (DOH) to set benchmarks to reach an 85% redemption rate by 2023. The bill establishes and appropriates funds for a plastics recycling grant program to identify Hawai'i-based alternatives for the sustainable recycling and reuse of plastic commodities. It automatically increases the glass advance disposal fee from 5 cents to 10 cents if the redemption rate remains below 80% for two consecutive calendar years. It also requires the DOH to annually report to the legislature on redemption rates, progress, and plans regarding the deposit beverage container program, as well as to appropriate funds to establish two positions for the glass advance disposal fee program.

The Sierra Club of Hawai'i is committed to supporting efforts seeking to reduce waste and consumption across the islands, that initiate on-island recycling and processing, and that explore innovative ways to upcycle and reuse various waste materials, notably plastics. The above efforts reduce the volume of waste being sent to H-POWER, which is inefficient when burning water-saturated food waste and creates pollution when burning plastic^{1,2}. Our communities have come so far in their support for recycling programs, and *we should continue moving toward a zero waste Hawai'i in a way that is clean, efficient, and causes minimal harm to the environment.*

For over a decade, China has been importing a majority of the United States' plastic scrap, including Hawai'i. However, in July of 2017, China announced that it will

¹ <http://www.kanuhawaii.org/story/?id=1321565150464636>

² <http://www.climatecentral.org/news/community-activists-rally-against-proposed-trash-incinerator-15605>

effectively ban imports on twenty-four types of scrap³. This decision has impacted the recycling stream for Hawai'i, requiring us to innovate and appropriate funds to find local alternatives to plastics recycling in the market. In order to mitigate future problems with exporting waste, and to avoid overflowing our landfills, Hawai'i must move forward in appropriating the time and funds for identifying sustainable recycling and reuse of plastics on-island. Continuing to rely on other countries for our recycling production is costly to both our economy and the ecosystem, with high spending and carbon dioxide emissions from land and ocean collection and transportation. By creating a market on-island for recycling, we can be innovative with upcycling and plastic reduction standards.

Currently, there are many gaps between public recycling knowledge and the actual recycling system on the island. Sometimes it can be confusing which bottles can go to HI-5, and which are for the deposit beverage program⁴. The redemption rate of the deposit beverage container program is 67 percent, down from 78.7 percent in 2009. Although the rate has shown to be decreasing, the efforts and habits of the general public have been consistent and supportive. Many homes and apartment buildings, as well as hotels do not have a convenient option to recycle. The increased recycling pick up fees have decreased the efforts and motivation to recycle, although the habit is still in place. This recycling system has been in place for a number of years, growing to educate the public on recycling, reuse, and the source reduction of plastic. Further efforts in education and site pickup need to be taken to increase the redemption rate to 85 percent and ensure that less plastic is being deposited in landfills and the ocean.

SB 3099 SD1 will require the DOH to annually report to the legislature on redemption rates, progress, and plans regarding the deposit beverage container program, in addition to appropriating funds for two positions in the glass advance disposal fee program. Both programs are crucial to the efficiency of recycling in Hawai'i, and will continue to encourage the public to recycle. It is important for the general public as well as the department to be tracking and benchmarking the deposit beverage container program in order to increase performance and identify gaps between purchase and return.

The recycling program has only just begun through the islands, and with SB 3099 SD1, we can take measures to the next level with innovative and efficient ways to reduce plastic consumption, as well as to upcycle used plastics for further reuse. The

³ <https://www.nytimes.com/2018/01/11/world/china-recyclables-ban.html>

⁴ <http://health.hawaii.gov/hi5/>

waste stream cutoff from China has given Hawai'i an opportunity to showcase sustainability with on-island source reduction and efficient recycling methods.

We urge the committees to pass this measure, which will serve our collective efforts to keep Hawai'i's land, freshwater bodies, and oceans free of plastic pollution and other waste.

Thank you for the opportunity to testify **in strong support of SB 3099 SD1**.



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**Hawaii State Legislature
Senate Committee on Ways and Means
Public Hearing on Senate Bill 3099
February 23, 2018**

Written Testimony

**James P. Toner, Jr.
Director of Government Relations
International Bottled Water Association**

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee, thank you for this opportunity to submit written testimony on Senate Bill 3099, which would set benchmarks in an effort to reach an 85% redemption rate for the state's deposit beverage container program and potentially increase the existing bottle deposit fee from 5 cents to 10 cents.

The International Bottled Water Association (IBWA)¹ supports efforts to increase comprehensive recycling rates. However, we are opposed to the provision in the amended version of SB 3099 that would potentially increase the existing redemption fee from 5 cents to 10 cents because it would negatively impact beverage consumers and beverage makers, including producers and suppliers of bottled water.

This provision is modeled after an Oregon law that recently increased that state's bottle deposit fee. It would automatically increase the Hawaii bottle deposit fee if the redemption rate remains below 80% for two consecutive calendar years. However, the increase in Oregon's bottle deposit fee has not been in effect for a full year and it is uncertain whether the increased fee will have any impact on the redemption rate.

The Oregon law also includes a provision to increase the number of beverage container redemption centers in the state to address the need for potential increases in redemption rates. This increase in new redemption centers was included to remove the burden of beverage

¹ IBWA is the trade association representing all segments of the bottled water industry, including spring, artesian, mineral, sparkling, well, groundwater and purified bottled waters. IBWA represents bottled water bottlers, distributors and suppliers throughout the United States, including several small, medium and large-size companies doing business in Hawaii. IBWA's stated mission is to serve the members and the public, by championing bottled water as an important choice for healthy hydration and lifestyle, and promoting an environmentally responsible and sustainable industry.

container returns from local retailers and move them to established redemption centers specifically designed to handle such a process. SB 3099 provides no such infrastructure support to handle any potential increase in redeemed beverage containers and would place an increased burden on small, local retailers to handle any additional deposit returns.

A 5-cent increase in the current Hawaii bottle deposit fee would essentially be an increased tax that would further negatively impact consumers, particularly the elderly and others who live on fixed incomes. For example, the cost of a 24-item case of bottled water would increase by an additional \$1.20 to a total of \$2.40. In some areas, this approaches a 100% increase on the retail purchase price for a 24-item case.

A report by the Institute on Taxation and Economic Policy found that most state and local tax systems take a larger share of income from middle and lower income families than from the wealthy. This same study found that sales and excise taxes, similar to the proposed bottle deposit fee increase, are the most regressive taxes. Poor families pay almost eight times more of their incomes in these taxes than the best-off families, and middle-income families pay more than four times the rate of the wealthy. In addition, most of the jobs that would be lost due to the imposition of a 5-cent deposit increase would occur in lower-paying occupations such as wholesale and retail sales. Consequently, those at lower income levels are also more likely to face job losses as a result of this price increase.

This increase in the deposit will not only impact jobs in the bottled water industry but also those ancillary industries that support the industry in the state. Companies in Hawaii that manufacture, distribute and sell bottled water employ as many as 1,231 people in the state and generate an additional 2,211 jobs in supplier and ancillary industries. These include jobs in companies supplying goods and services to manufacturers, distributors and retailers, as well as those that depend on sales to workers in the bottled water industry. Not only does the manufacture and sale of bottled water create good jobs in Hawaii, but the industry also contributes to the economy as a whole. In fact, the bottled water industry is responsible for as much as \$685.24 million in total economic activity in the state. In Hawaii, the industry and its employees pay over \$33.24 million in taxes including property, income, and sales based levies.

Finally, IBWA is a strong supporter of comprehensive recycling efforts with the underlying premise of increasing overall recycling rates. SB 3099 merely focuses on recycling numbers based solely on an increase in redemption numbers and does not take a wider view to encompass all recycling efforts that Hawaii residents take part in, not just the deposit program. If the overall goal is to increase recycling rates and efforts in the state, then it would be beneficial to support a broader vision that takes into account the many ways Hawaii residents currently recycle (curbside, public recycling option, community recycling centers and collections, etc.) and how to support their efforts to further the state's recycling goals.

Conclusion

IBWA fully shares this Committee's desire to increase recycling in Hawaii and thereby keep this great state clean and sustainable. Our members who do business in Hawaii are deeply committed to environmental stewardship through comprehensive recycling. In the end, taking a serious and

long-term look at Hawaii's entire waste stream, rather than focusing on the minuscule segment of the waste stream that bottled water and beverage containers make up, will serve everyone very well.

Thank you for your consideration of IBWA's opposition to SB 3099, and please do not hesitate to contact IBWA with any concerns or questions.

SB-3099-SD-1

Submitted on: 2/22/2018 4:35:30 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

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Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Milholen	Testifying for Kokua Hawaii Foundation	Support	No

Comments:

Responsible management and reduction of wastes generated in Hawaii are essential components of a comprehensive sustainability strategy. In order to avoid the frequent volatility of the commodities markets and the environmental impacts of shipping recyclables, it is essential that the state support the development of local plastics processing. The language of the measure is essential in that it qualifies these strategies as needing to be sustainable and include reuse priorities.

The collection, processing, and management of glass containers has long been a massive headache for every county. The advance disposal fee program has the potential to address this headache, but only if resources and staff are dedicated to its management. New staff would be able to help ensure that the funds due from glass jar imports are, in fact, collected. The expected bump in revenue and staff lobbying for an increase of the ADF, may enable the State to more effectively manage glass processing. Mahalo for your time and consideration.