



STATE OF HAWAII
DEPARTMENT OF HEALTH
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WRITTEN
TESTIMONY ONLY

**Testimony COMMENTING on SB3099 SD2
RELATING TO SOLID WASTE MANAGEMENT**

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

Hearing Date: March 13, 2018
Time: 08:30 am

Room Number: House Conference
Room. 325

- 1 **Fiscal Implications:** The measure has appropriations of general funds for the plastics recycling
2 grant program and for new positions to support the Glass Advance Disposal Fee program.
- 3 **Department Testimony:** The Department of Health (Department) supports the overall intent of the
4 bill, but offers the following comments:
- 5 1) The fact that few plastic recycling alternatives currently exist in the State of Hawaii is most
6 likely an indication that the economic prospects for such efforts are currently limited. A study of
7 potential alternatives, conducted by an organization with expertise in the economic analysis of
8 such ventures would appear to be necessary to provide a rational basis for the distribution of
9 “grant” funds.
- 10 2) To adequately develop and manage a new “grant” program, the Department will require
11 additional time, planning, staff and the reallocation of resources from presently required duties.
- 12 3) The Department has been advised by the Deputy Attorney General that expenditure of the funds
13 for the plastics recycling grant program must proceed in compliance with all State Procurement
14 law, and may not be distributed in a traditional grant-making approach.
- 15 4) While an increased deposit fee can provide additional incentive for public redemption of deposit
16 containers, no assessment has yet been conducted that could help guide the Department in
17 addressing the impacts that such a change might bring for consumers, recyclers, retailers, or the
18 Deposit Beverage Container Program (DBCP).
- 19 5) The Department is presently engaged with a variety of studies that will provide additional
20 information to improve overall DBCP planning.

- 1 6) The Department will continue to report DBCP redemption rates and activities in the Office of
2 Solid Waste Management's Annual Report to the legislature.
- 3 7) The Department defers to the Governor's Supplemental Budget Request for appropriation and
4 personnel priorities related to establishing and funding staff positions for the Glass Advance
5 Disposal Fee program.
- 6 Thank you for the opportunity to testify on this measure.

SB-3099-SD-2

Submitted on: 3/12/2018 2:01:12 AM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAII
TO THE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
THE HOUSE OF REPRESENTATIVES
TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018

Tuesday, March 13, 2018

8:30 p.m.

Hawaii State Capitol, Conference Room 325

RE: Testimony in Support of **SB3099 SD2**, RELATING TO SOLID WASTE MANAGEMENT

To the Honorable Chris Lee, Chair; the Honorable Nicole E. Lowen, Vice-Chair and Members of the Committee on Energy & Environmental Protection:

Good morning. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **SB3099 SD2**, relating to the Deposit Beverage Container Program; Benchmarks; Plastics Recycling Grant Program; Glass Advance Disposal Fee Program; Reporting Requirements; Positions; Automatic Fee Increase; and an appropriation.

The OCC Legislative Priorities Committee is in favor of **SB3099 SD2** and supports its passage.

SB3099 SD2 is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it requires the Department of Health to set benchmarks to reach an 85% redemption rate by 2023; establishes and appropriates funds for a plastics recycling grant program to identify Hawaii-based alternatives for; the sustainable recycling and reuse of plastic commodities; automatically increases the deposit beverage container fee from 5 cents to 10 cents if the redemption rate remains below 80% for 2 consecutive calendar years; requires the Department of Health to annually report to the Legislature on redemption rates, progress, and plans regarding the deposit

beverage container program; and appropriates funds to establish 2 positions for the glass advance disposal fee program.

Specifically, the DPH Platform provides that “[w]e believe in supporting best management practices in sustaining our environment and in increased citizen involvement. We support programs that encourage sustaining clean, efficient, creative and environmentally friend modes of transportation, recycling, and waste management. (Platform of the DPH, P. 9, Lines 452-456 (2016)).

Given that **SB3099 SD2** requires the Department of Health to set benchmarks to reach an 85% redemption rate by 2023; establishes and appropriates funds for a plastics recycling grant program to identify Hawaii-based alternatives for; the sustainable recycling and reuse of plastic commodities; automatically increases the deposit beverage container fee from 5 cents to 10 cents if the redemption rate remains below 80% for 2 consecutive calendar years; requires the Department of Health to annually report to the Legislature on redemption rates, progress, and plans regarding the deposit beverage container program; and appropriates funds to establish 2 positions for the glass advance disposal fee program, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Text/Tel.: (808) 258-8889

SB-3099-SD-2

Submitted on: 3/10/2018 10:24:50 AM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alexandra Avery	The Outdoor Circle	Support	No

Comments:

Aloha Senators,

I enthusiastically support SB 3099 as a step toward the best practices in regard to our waste disposal system and protecting public health. You have shown great leadership and support of this bill, and that is seen by voters as a move toward better and more sustainable management of waste products. Thank-you for your insightful leadership.

In my dream waste management model for our island/state, the recycling plant would be a part of the Halawa Prison. Although this model has been adopted by just one state so far, it makes sense in our state. Our island home, where trash simply has no place else to go, is an ideal place for this model to be adopted, especially since China has closed its doors to our trash.

Clearly, we have a long way to go, and your passing this bill into law will be a big step in the right direction.

Mahalo,

Alexandra Avery

The Outdoor Circle, President Emeritus



SIERRA CLUB OF HAWAII

MĀLAMA I KA HONUA. Cherish the Earth.

HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Tuesday, March 13, 2018 8:30AM Conference Room 325

In **SUPPORT of SB 3099 SD2** Relating to solid waste management

Aloha Chair Lee, Vice Chair Lowen 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 SD2**, 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 effectively ban imports on twenty-four types of scrap³. This decision has impacted the

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

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

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

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 SD2 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 SD2, 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 waste stream cutoff from China has given Hawai'i an opportunity to showcase sustainability with on-island source reduction and efficient recycling methods.

⁴ <http://health.hawaii.gov/hi5/>

We urge the committee 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 SD2**.



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**Hawaii State Legislature
House Committee on Energy & Environmental Protection
Public Hearing on Senate Bill 3099
March 13, 2018**

Written Testimony

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

Chair Lee, Vice Chair Lowen 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.



**Written Testimony of
David Thorp
American Beverage Association**

**House Committee on Energy & Environmental Protection
Opposition to S.B. 3099 S.D.2
March 13, 2018**

Good morning Chair Lee, Vice Chair Lowen and members of the Committee. Thank you for the opportunity to testify in **opposition** to S.B. 3099 which, among other things, sets benchmarks to reach an 85% redemption rate, but also doubles the deposit amount if a trigger redemption rate is not maintained over two consecutive years.

I am David Thorp, senior director of government affairs for the American Beverage Association (ABA). The American Beverage Association is the trade association representing the non-alcoholic beverage industry. ABA represents hundreds of beverage producers, distributors, franchise companies and supporting businesses that employ more than 239,000 people across the country.

ABA members offer consumers many beverage choices and sizes to suit every taste. We offer soft drinks, including low- and no-calorie brands, teas, bottled waters, flavored waters, 100 percent juice, juice drinks, sports drinks and energy drinks.

Beverage Industry's Impact on Hawaii's Economy

The beverage industry is an important part of Hawaii's economy – and one of the few remaining industries still manufacturing on the Islands. Unlike most consumer products, many beverages are manufactured and distributed in Hawaii – and by local workers.

Non-alcoholic beverage companies in Hawaii provide more than 1,300 good-paying jobs across our state and help to support many thousands more workers in restaurants, grocery stores and more that depend, in part, on beverage sales for their livelihood.

Doubling Deposit Amount: Unintended Consequences Outweigh Benefits

Though well-intentioned, S.B. 3099, S.D.2 would set a trigger redemption rate at which the deposit on beverages would double from 5¢ to 10¢. Because of issues with the operation of the state's HI-5 program and other provisions in the law, this proposed cost increase to consumers would have unintended consequences that outweigh any benefits.

Result of Doubling the Deposit: \$53 Million in New Costs to Consumers

The proposal in this bill would result in \$48 million in new deposits flowing into the HI-5 program annually if the recycling goal is not met. This will ultimately penalize consumers who will pay higher prices. The nonrefundable deposit container fee (the current 1¢ tax levied on top of the deposit) would likely rise to at least 1.5¢, adding \$5 million in new consumer fees. On Oahu, through the “blue bin” collection system, many Oahu consumers are not redeeming deposits directly but would still pay increased fees under this proposal. While this may create greater incentive to recycle, it would also increase HI-5 program costs as more redemptions are claimed. The program will eventually be left with a shortfall for paying redemption centers, as more and more funds are paid out.

More Analysis is Needed Before Automatically Doubling Deposit Fees

Before automatically doubling fees, the Legislature should be asking why recycling rates have decreased and whether doubling the fee will address these underlying issues. For example, in recent years some redemption centers have closed which has made recycling less convenient.

The impact of a fee increase on manufacturing jobs should also be evaluated. When the bottle bill was first established and imposed the 5¢ fee, there was a very direct impact on local beverage manufacturing jobs.

Problems with the Current System Need to Be Addressed First

The trigger for doubling the deposit under this bill would be a redemption rate lower than 80% for two consecutive years. The Hawaii State Auditor has determined that the rates calculated by the HI-5 Program are not accurate. In its sixth biennial audit (2016) the auditor notes as a key finding: that “...**the Program continues to be exposed to fraud, which may result in higher costs and an unreliable reported redemption rate.**”¹

The systematic flaws with the deposit beverage program should be addressed before considering any fee increase for the program. As noted in the Auditor’s report, at its current 5¢ deposit, there is an “**inherent incentive for [participants] to misreport data.**” Those incentives would only increase with an increased deposit.

Because of accountability issues in the deposit beverage program, it is uncertain whether redemption rates are accurate – fluctuations could be from actual changes in recycling behavior or as a result of misreporting.

¹ “Financial and Program Audit of the Deposit Beverage Container Program, June 30, 2016,” State Audit Report 17-02, March 2017.

Conclusion

The HI-5 program has been consistently described by the state auditor's analysis of the program as mismanaged and exposed to fraud. Doubling the deposit amount will do nothing to improve the HI-5 program, and will only lead to increased problems with the current program.

Sincerely,
David Thorp



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Derek Kurisu, KTA Superstores, *Advisor*

TO:
Committee on Energy and Environmental Protection
Rep. Chris Lee, Chair
Rep. Nicole E. Lowen, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Tuesday, March 13, 2018
TIME: 8:30am
PLACE: Conference Room 325

RE: SB3099 SD2 Relating to Solid Waste Management

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

In 2016 the State Auditor completed the sixth biennial audit of the Deposit Beverage Container Program. The Auditor's Summary states,

"We found, as we did in each of our previous audits, the Program relies on self-reported data from distributors and certified redemption centers and **lacks adequate controls to monitor the accuracy and completeness of the information submitted...**"

and,

"...the Program continues to be exposed to fraud, which may result in higher costs and an unreliable reported redemption rate."

It would be illogical and irresponsible to make the type of changes to the Program that are proposed in SB3099 SD2 without first fixing the Program's current problems. Tying the deposit fee to the redemption rate makes no sense if we don't even have a reliably accurate redemption rate. Furthermore, there are many factors that impact the redemption rate beyond the fee including the location and number of redemption centers, the blue bin program, and even the types of beverages people are drinking. Making real improvements to the redemption rate will require getting reliable data on what the real rate is, analyzing what issues are

preventing people from redeeming more beverage containers, and then creating a plan to address those issues. Raising the fee as a knee jerk response to a reportedly low redemption rate is not the right way to make this important program work better for our environment and the people of our state.

It is also important to remember that if the redemption fee goes up it is an increase in the out of pocket expense for Hawaii families when buying groceries. If the tax is increased along with redemption rate that money is not returned to the consumer even when they recycle. The determination to raise the fee should be made thoughtfully by the State Legislature at the time the fee needs to be raised. Increasing the price of groceries for Hawaii families should never be done automatically and without verifiably good reason. For these reasons we encourage you to hold this measure, we thank you for the opportunity to testify.



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
March 13, 2018**

SB 3099 Relating to Solid Waste Management

Good morning Chairman Lee and members of the Committee on Energy & Environmental Protection. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii (RMH) is a statewide not-for-profit trade organization is committed to support the retail industry and business in general in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

The Retail Merchants of Hawaii supports efforts to encourage recycling. Although this measure has well intentions, we are **STRONGLY OPPOSED** to the increase in the existing redemption fee from 5 cents to 10. It is our understanding that Hawaii has never reached or been close to reaching the 80% for 2 consecutive years. Consumers – you, your neighbors, friends and family – would automatically be paying double for the deposit fee for each bottled item and once again increasing the cost of living in Hawaii.

The State Auditors report mentioned that the rates calculated by the HI-5 Program are not accurate and the program continues to be exposed to fraud which may result in higher costs and unreliable reported redemption rate. We would like to suggest that the issues and concerns stated in the Auditors Reports be addressed and remedied first before an increase is considered. We would also like to suggest that there be a more in-depth study that looks into such matters as why has recycling has decreased and would doubling the rates have a positive effect in the community or would it cause more redemption centers around the state close making it less convenient to recycle.

Retailers continue to be concerned about our aina and have supported initiatives that preserve and protect our environment. However we should address and fix the concerns and issues surrounding the existing program before considering raising the fee on beverages.

Again mahalo for this opportunity to testify.

**Written Testimony of
Jeff Matthijssen
Plant Manager –Ball Metal Beverage, Kapolei, Hawaii**

**House Committee on Energy & Environmental Protection
Opposition to S.B. 3099 S.D.2
March 13, 2018**

Good morning Chair Lee, Vice Chair Lowen and members of the Committee. Thank you for the opportunity to testify in **opposition** to S.B. 3099 which, among other things, sets benchmarks to reach an 85% redemption rate, but also doubles the deposit amount from 5 cents to 10 cents if the trigger redemption rate of 80% is not maintained over two consecutive years.

The impact of a fee increase on manufacturing jobs should be taken into consideration before automatically doubling fees. We note that Hawaii has never reached the 80% redemption rate trigger specified in the bill, so this increase is almost certain to go into effect.

When the bottle bill was established, Ball Corporation's Kapolei manufacturing facilities sales declined by some 8% leading to the reduction of an entire crew and its 14 can making employees. These were highly skilled full-time employees many of which came from other Hawaii businesses that had to close their doors due to the unfavorable business climate in Hawaii. Remember when Frito-Lay and Weyerhaeuser were manufacturing products made in Hawaii? Should we not be doing everything we can to encourage locally made products? Do we want to impose additional fees and possibly drive the manufacturing jobs back to the mainland?

The increase in fees would result in higher costs for consumers and businesses, with potentially very little gain to the state. We are aware that the State Auditor has noted that there are accountability issues with the current Hi-5 program – shouldn't these issues be addressed before raising costs and impacting businesses?

I ask that you consider all the fact and issues before moving forward. I represent 43 hardworking Hawaiian Can makers, we make the most sustainable beverage container on the market and we produce this right here in Kapolei. Please don't impose additional fees that would make our ability to remain a viable operation in jeopardy.

Respectfully Submitted,

Jeff Matthijssen
Plant Manager



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LATE



110 South Puunene Avenue
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808-877-5894

Re: SB3099

Aloha Honorable Chair Lee, Vice Chair Lowen and Members of the EEP committee,

Aloha Shell Service has been a State of Hawaii certified redemption since 2005 and was the first and only retailer/redemption center for the first three years of the program.

We support the intent of SB3099 and would like to provide some insight.

A nickel is not worth as much now as it was 13 years ago. In our opinion, increasing the rate from 5 cents to 10 cents per container will probably increase the redemption rate. However, we are not certain as to what extent.

The cost to the consumer will almost be a wash. They will pay the redemption and handling tax upon purchase and will get the redemption tax back after redeeming it. Only those who do not believe in recycling or don't care about the money will pay the redemption tax.

The cost to operate a redemption center is always increasing. Since 2005, insurance, rent, utilities, wages and all other expenses have increased tremendously and will continue to do so. Any increase in redeemed containers will be met with a proportional increase in the cost of operating the center.

The redemption money used to pay the consumer is funded by us until we are reimbursed by the state. Currently, the nickel paid on the first of the month is reimbursed at the end of the month. The amount of float is substantial.

Doubling the redemption tax will double the float, placing a huge burden on our small business. Should the redemption rate increase from 67% to 80% redemption centers will realize a 13% increase in redemption volume while the float will double or increase by 100% plus 13%. An increase in volume will also result in an increase in operating expenses such as labor and insurance.

None the less, we are committed to helping the people of Maui and support SB3099.

Sincerely,

Paul Hanada

CEO



Chamber of Commerce HAWAII
The Voice of Business

LATE

**Testimony to the House Committee on Energy & Environmental Protection
Tuesday, March 13, 2018 at 8:30 A.M.
Conference Room 325, State Capitol**

RE: SENATE BILL 3099 SD2 RELATING TO SOLID WASTE MANAGEMENT

Chair Lee, Vice Chair Lowen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **opposes** SB 3099 SD2, which requires the Department of Health to set benchmarks to reach an 85% redemption rate by 2023 and establishes an appropriate funds for a plastics recycling grant program to identify Hawaii-based alternatives for the sustainable recycling and reuse of plastic commodities. Automatically increases the deposit beverage container fee from 5 cents to 10 cents if the redemption rate remains below 80% for 2 consecutive years. Requires the Department of Health to annually report to the Legislature on redemption rates, progress and plans regarding the deposit beverage container program and appropriates funds to establish 2 positions for the glass advance disposal fee program.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We oppose the section of the bill raising the beverage container fee from 5 cents to 10 cents. In the sixth biennial financial and program audit of the Deposit Beverage Container Program by the State Auditor's Office shows a reoccurring finding that self-reported data from distributors and certified redemption centers lack adequate controls to monitor the accuracy and completeness of the submitted information. The lack of adequate controls exposes the Deposit Beverage Container Program to not only potential financial risk but also to unreliable redemption rate data. We cannot support this section of the bill given that the beverage container increase is directly linked to this potentially flawed data.

Thank you for the opportunity to testify.



LATE

March 12, 2018

Hawaii House of Representatives
Committee on Energy & Environmental Protection
State Capitol
415 South Beretania Street
Honolulu, HI 96813

Re: OPPOSE SB 3099 S.D. 2

Committee Members:

On behalf of the Grocery Manufacturers Association (“GMA”), we **OPPOSE SB 3099**. Although well intended, S.B. 3099 would establish a trigger for the redemption rate, doubling the deposit on beverages from 5¢ to 10¢. Doubling the redemption rate would cost consumers **\$53 million dollars** without even knowing if it will result in the desired outcome. In addition to this burden to consumers, SB 3099 fails to acknowledge that program costs will also increase. Eventually, this will leave the program with a shortfall. GMA believes a more responsible approach would be to conduct additional analysis to make sure the proposed solution fits the actual problem.

Some issues to analyze prior to handing consumers a \$53 million-dollar bill would be:

- Why have recycling rates decreased?
- Have other states with deposit program faced a similar issue?
- What have other states done?
- What impact does the closure of redemption centers have on recycling?

In addition to the questions above, GMA believes several issues identified by the state auditor should also be addressed:

- “...the Program continues to be exposed to fraud, which may result in higher costs and an unreliable reported redemption rate.”
- there is an “inherent incentive for [participants] to misreport data.” Those incentives would only increase with an increased deposit.

For these reasons we respectfully OPPOSE SB 3099.

Sincerely,

John Hewitt

Western Region Director

GROCERY MANUFACTURERS ASSOCIATION

1350 I Street, NW :: Suite 300 :: Washington, DC 20005 :: ph 202-639-5900 :: fx 202-639-5932 ::

www.gmaonline.org

SB-3099-SD-2

Submitted on: 3/9/2018 5:33:38 PM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Benton Kealii Pang, Ph.D.	Individual	Support	No

Comments:

SB-3099-SD-2

Submitted on: 3/9/2018 10:32:40 PM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
janice palma-glennie	Individual	Support	No

Comments:

SB-3099-SD-2

Submitted on: 3/10/2018 12:44:52 PM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Rene Umberger	Individual	Support	No

Comments:

SB-3099-SD-2

Submitted on: 3/10/2018 4:28:53 PM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Erica Scott	Individual	Support	No

Comments:

SB-3099-SD-2

Submitted on: 3/11/2018 5:19:48 AM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mio Chee	Individual	Support	No

Comments:

SB-3099-SD-2

Submitted on: 3/11/2018 5:24:49 AM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dyson Chee	Individual	Support	No

Comments:

SB-3099-SD-2

Submitted on: 3/11/2018 5:31:22 AM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Micah Chee	Individual	Support	No

Comments:

SB-3099-SD-2

Submitted on: 3/11/2018 5:39:16 AM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
David Chee	Individual	Support	No

Comments:

SB-3099-SD-2

Submitted on: 3/11/2018 6:32:43 PM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Ching	Individual	Support	No

Comments:

SB-3099-SD-2

Submitted on: 3/11/2018 7:17:04 PM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Sherry Pollack	Individual	Support	No

Comments:

SB-3099-SD-2

Submitted on: 3/11/2018 11:20:30 PM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Philipp LaHaela Walter	Individual	Support	No

Comments:

SB-3099-SD-2

Submitted on: 3/12/2018 10:16:36 AM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
june chee	Individual	Support	No

Comments:

SB-3099-SD-2

Submitted on: 3/12/2018 10:47:19 AM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
R. Kinslow	Individual	Support	No

Comments:

We do need to reduce our plastic consumption and waste. There is a technology that can convert our plastic waste into syn-fuel. See <http://biocarbonsolutionsglobal.com/about/>

LATE

SB-3099-SD-2

Submitted on: 3/12/2018 5:19:56 PM
Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Best	Individual	Support	No

Comments:

LATE

SB-3099-SD-2

Submitted on: 3/12/2018 6:38:05 PM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ken Stover	Individual	Support	No

Comments: