

DAVID Y. IGE
GOVERNOR



PANKAJ BHANOT
DIRECTOR

CATHY BETTS
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 25, 2020

TO: The Honorable Senator Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

The Honorable Senator Karl Rhoads, Chair
Senate Committee on Judiciary

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 1543 SD1 – RELATING TO PROCUREMENT**

Hearing: February 26, 2020, 1:10 p.m.
Conference Room 211, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the measure as amended and provides comments.

PURPOSE: Prohibits the expenditure of state funds by state agencies for the purchase of beverages in plastic bottles or rigid plastic containers, except under certain circumstances. (SD1)

The Licensed Blind Vendor (LBV) program, also known as the Randolph-Sheppard Act program, is one of the most successful entrepreneurial programs for legally blind individuals in the State of Hawaii and nationally. The blind vending program offers the blind a chance at self-determination, self-sufficiency, pride, and financial independence. Ho`opono, the Services for the Blind Branch of the Division of Vocational Rehabilitation is the State Licensing Agency which is responsible for the licensing and oversight of the LBV program in Hawaii. Attached to the program is the Randolph-Sheppard Revolving Account (RSRA), authorized by section 347-12.5, HRS.

The RSRA is used to benefit blind vendors in the manner of retirement, health insurance, new and replacement equipment, training, and other costs related to the blind vending program. One of the vital costs that is regularly paid by the RSRA is for the purchase of initial inventory to support the success of blind vendors in new and refurbished facilities. Beverages, bottled and canned, constitute approximately 50% of initial inventory. Beverages are the blind vendors' best sellers, and constitute a majority of the blind vendors' sales and income. The profits from beverage sales pay for everyday personal expenses of the LBV, such as rent, food, transportation, i.e. everything necessary to live an independent life.

We greatly appreciate that in Section 1, the proposed subsection (b) (3) provides the appropriate exception for the Licensed Blind Vendor program.

Thank you for the opportunity to provide comments on this measure.

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

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**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committees on
JUDICIARY
and
WAYS AND MEANS**

**Wednesday, February 26, 2020
1:10 PM
State Capitol, Conference Room 211**

**In consideration of
SENATE BILL 1543, SENATE DRAFT 1
RELATING TO PROCUREMENT**

Senate Bill 1543, Senate Draft 1 proposes to prohibit the expenditure of state funds by state agencies for the purchase of beverages in plastic bottles or rigid plastic containers, except under certain circumstances. **The Department of Land and Natural Resources (Department) appreciates the intent of this measure and offers the following comments.**

The Department recognizes the deleterious impacts of plastic debris on wildlife and their habitats as a primary natural resource issue throughout the State. Plastic debris degrade land and ocean-based habitat and impact a variety of wildlife (aquatic and terrestrial) through ingestion and entanglement. Senate Bill 1543, Senate Draft 1 would help reduce the plastic debris load entering Hawaii's environment and contribute to the improved health of our wildlife and their habitats.

The Department appreciates the exemption for purchases of water for wildland firefighters of the Department's Division of Forestry and Wildlife. However, this exception is too narrow and would not cover other situations where the Department's emergency response activities require having plastic water bottles on hand. The Department requests to be added as an agency to Section 103D- (b) (1) so that the Department may continue to purchase bottled water for all of its emergency response activities. The Department suggests amending (in grey highlight) Section 103D- (b)(1) on page 1 to read as follows :

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

(b) The following circumstances shall constitute exceptions to subsection (a):

(1) Public health and safety preparedness, emergencies, investigations, and extended deployments or activations of the office of hazard evaluation and emergency response of the department of health, the department of land and natural resources or the department of defense;

Thank you for the opportunity to comment on this measure.

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
BONNIE KAHAKUI
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEES
JUDICIARY
AND
WAYS AND MEANS

Wednesday, February 26, 2020, 1:10 pm

SB 1543, SD1
RELATING TO PROCUREMENT

Chairs Dela Cruz and Rhoads, Vice Chairs Keith-Agaran and Keohokalole, and members of the committees, thank you for the opportunity to submit testimony on SB 1543 SD1. The State Procurement Office (SPO) appreciates the intent of the bill prohibiting state agencies, using state funds, to purchase plastic bottles or rigid plastic containers except under certain circumstances. However, we oppose the placement of this language in Hawaii Revised Statutes (HRS)103D, the Procurement Code.

The language, in its entirety, in Section 1 does not belong in the Code. The procurement code should be used for general policy guidance. These specifications are particular to a subject-specific chapter such as the chapter governing "Solid Waste Pollution" and should be placed there. These specifications are specific to plastic bottles or rigid plastic containers which should be placed in Chapter 342H.

Recommend the following changes to Section 1, page 1, lines 4-17, and page 2, lines 1-12.

"§342H- Beverages in plastic bottles or rigid plastic containers; prohibition on using state funds to purchase. No state agency shall use state funds for the purchase of beverages in plastic bottles except in the following circumstances:

- (1) Public health and safety preparedness, emergencies, investigations, and extended deployments or activations of the office of hazard evaluation and emergency response of the department of health or the department of defense;

- (2) Situations where there is high risk of cross-contamination with non-potable or contaminated water;
- (3) Purchases made in relation to the licensed blind vendor program;
- (4) Purchases of water by the department of land and natural resources for wildland firefighters of the division of forestry and wildlife; and
- (5) Situations where there are no reasonable alternatives to beverages in plastic bottles or rigid plastic containers, such as large public events and when large quantities of beverages may need to be distributed for health and safety reasons.

Thank you.



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TO:

Committee on Judiciary and Committee on Ways and Means
Senator Donovan M. Dela Cruz and Senator Karl Rhoads, Chairs
Senator Gilbert S.C. Keith-Agaran and Senator Jarrett Keohokalole, Vice Chairs

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 26, 2020
TIME: 1:10pm
PLACE: Conference Room 211

RE: SB1543 SD1 Relating to Procurement

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.

HFIA is in opposition to this measure preventing state agencies from purchasing water in plastic bottles. This bill actually outlines the many circumstances under which plastic water bottles have advantages over other types of containers: bottled water is an essential component of disaster preparedness and emergency response, plastic bottles prevent contamination and keep water clean, firefighters rely on bottled water to drink while battling blazes, and per the text of the measure “there are no reasonable alternatives to beverages in plastic bottles or rigid plastic containers, such as large public events and when large quantities of beverages may need to be distributed for health and safety reasons.”

It’s also important to note that the majority of bottled water in Hawaii is a locally made product. Small unexpanded water bottle blanks are turned into bottles here, and water is bottled right here on Oahu in Kapolei.

Per Act 254 from last year the State has convened a plastic working group. This group has been conducting meetings and is working to create solutions that will drive responsible plastic

use and waste management in our state. Piecemeal bans are not the answer and we ask that the legislature give the working group time to fulfill its mandate.

Given the many necessary exemptions and advantages of plastic bottles outlined in the bill, and the ongoing work of the plastic working, we believe that it's clear that that banning this local product is not a good choice.

We ask that this measure be held, and we thank you for the opportunity to testify.



February 25, 2020

To: The Honorable Donovan M. Dela Cruz, Chair
Members, Senate Committee on Ways and Means

The Honorable Karl Rhodes, Chair
Members, Senate Committee on Judiciary

From: Tim Shestek
Senior Director, State Affairs

Re: SB 1543 SD1– OPPOSE

The American Chemistry Council (ACC) must respectfully oppose SB 1543 SD1, which would prohibit state agencies from purchasing beverages in plastic bottles or rigid plastic containers. ACC and its members certainly support efforts to reduce litter and marine debris; however, SB 1543 SD1 overlooks many potential consequences of implementing such a policy.

SB 1543 SD1 falsely assumes that alternatives to plastic beverage containers are environmentally preferable. PET plastic beverage bottles are 100% recyclable and are the single most recycled item nationwide in curbside collection programs and make up only a small percentage of the waste stream. In fact, U.S. Environmental Protection Agency (EPA) data shows that plastic water bottles make up less than one-third of one percent of the U.S. waste stream.

Additionally, manufacturers of plastic beverage bottles are continually looking for ways to lighten their environmental footprint by reducing the raw materials used in PET plastic through light weighting, redesign, and use of post-consumer recycled materials. Between 2000 and 2014, the average weight of a single-serve PET bottled water container dropped by 51% and bottled water companies are already using up to 50% recycled material in their plastic bottles.

In addition to taking away consumer choice, SB 1543 SD1 could result in a shift to other packaging materials that may not be as widely recycled and use significantly more resources to manufacture and transport.

Thank you in advance for considering our views. If you have any questions, please do not hesitate to contact me at 916-448-2581 or via email at tim_shestek@americanchemistry.com. You may also contact ACC's Hawaii based representative Ross Yamasaki at 808-531-4551.





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

**Before the Senate Committee on Ways and Means and Committee on Judiciary
Opposition to S.B. 1543, S.D. 1– Relating Procurement
February 26, 2020**

Good afternoon Chair Dela Cruz, Chair Rhoads, Vice Chair Keith-Agaran, Vice Chair Keohokalole and members of the committees. Thank you for the opportunity to comment in opposition to S.B. 1543, S.D. 1 – relating to procurement.

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.

Beverage industry’s local 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 of our beverages, aluminum cans and plastic bottles are manufactured and distributed in Hawaii by local workers.

Non-alcoholic beverage companies in Hawaii provide more than 1,200 good-paying jobs across our state. The industry helps to support thousands more workers in businesses that rely in part on beverage sales for their livelihoods and, such as grocery stores, restaurants and theaters.

Plastic beverage containers are 100% recyclable

S.B. 2720, S.D. 1 seeks to address environmental concerns about the use of plastic (PET) beverage containers by prohibiting state agencies from purchasing bottled water in plastic containers.

Taken together with aluminum cans, our packaging portfolio represents the most recyclable and highest value recyclable material of arguably any consumer product.

The beverage industry produces aluminum, glass and plastic beverage containers that are 100% recyclable – even the plastic caps are recyclable. All of these beverage containers can be collected, recycled and made into new beverage containers – and the plastic beverage containers can be recycled and used in the manufacturing of other consumer goods such as carpets and clothing. The recycled PET (rPET) from our plastic containers is in great demand all over the world.

Beverage containers – including plastic bottles – are recycled in Hawaii

Hawaii residents have various opportunities to recycle their beverage containers, including their plastic beverage bottles. Since January 2005, the state Department of Health has operated Hawaii's Deposit Beverage Container program (HI-5) which has assisted residents to recycle over 7 billion beverage containers, including plastic beverage containers. Also, Honolulu offers many of its residents with curbside recycling which provides an easy way to recycle plastic containers while other counties offer community recycling drop-off centers.

Conclusion

The beverage industry is working with recyclers, governments, and environmental groups nationally and globally to reduce the amount of virgin plastic used to make our bottles, recover more valuable plastic for remanufacturing, cut our carbon footprint in packaging and transportation, and keep the places we live and work litter-free. Our member companies will continue to innovate and invest to lessen our environmental impact.

Plastic beverage containers are 100% recyclable and should not be singled out for prohibitions.

Sincerely,
David Thorp