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**Testimony COMMENTING on HB1410
RELATING TO DEPOSIT BEVERAGE CONTAINERS**

REPRESENTATIVE NICOLE E. LOWEN, CHAIR
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Hearing Date: 2/2/2023 Room Number: 325

1 **Fiscal Implications:** This measure will impact the priorities identified in the Governor's
2 Executive Budget Request for the Department of Health's (Department) appropriations and
3 personnel priorities.

4 **Department Testimony:** HB1410 compels the Department to (1) purchase reverse vending
5 machines (RVMs), (2) install RVMs at an unspecified number of deposit beverage container
6 (DBC) dealer locations that are not exempted from Hawaii Revised Statutes §342G-113(b), and
7 (3) maintain the installed RVMs. HB1410 also creates an RVM subaccount in the DBC Special
8 Fund for RVM expenses and annually transfers excess DBC Special Fund balances to the State
9 general fund. Expanding access to recycling methods for consumers to recycle empty beverage
10 containers is an important goal of the Department to improve the recycling redemption rate, but
11 the Department is concerned about potential issues that may arise with enacting this bill.

12 As to price, the Department will be able to develop an overall cost estimate once the
13 number of store locations have been defined. However, the estimated cost for one RVM was
14 between \$10,000 to \$25,000 in 2004. Accounting for inflation, that RVM would cost between
15 \$15,700 to almost \$40,000 per unit today.

16 As to maintenance, the Department expects that annual expenses to maintain and repair
17 RVMs will be relatively high, as there are no RVM repair services in the State. HB1410 might
18 create a market for local RVM maintenance and repair services but otherwise all RVM service
19 work would be performed by out-of-state technicians with additional costs and delays due to
20 travel, lodging, and the need to ship parts.

1 The impact of this measure to dealers should also be considered as dealers will bear
2 unintended direct and indirect costs. This includes increased monthly utility bills due to power
3 consumption by the RVMs, dealer staff being pulled away from their jobs to field on-site
4 customer complaints when issues arise, and dealers losing retail floor space to house an RVM in
5 their store. Dealer staff will also be tasked to manage the removal of recyclables when the RVM
6 is full, and dealers will need to allocate space to store processed materials until they can be
7 collected for recycling. There are also potential liability issues if the RVM is vandalized. Finally,
8 while RVMs are commonplace and work well in the Pacific Northwest, Hawai‘i’s climate also
9 poses a major issue for local dealers: cockroaches and other pests that thrive here and would be
10 attracted to liquids that remain in containers.

11 The Department is also concerned about transferring DBC Special Fund balances into the
12 general fund. Most small redemption centers do not collect enough materials to make regular
13 shipments to mainland recyclers during the year. If fees collected for redemption are transferred
14 to the general fund before a redemption center can ship their materials, there is a potential that
15 there will be insufficient funds available to reimburse the redemption center for collecting,
16 processing, and shipping the materials, and they might be forced to close. The Department
17 respectfully requests that the proposed transfer of DBC Special Fund balances be stricken from
18 this bill.

19 The Department remains committed to improving the performance of the DBC Program.
20 This includes increasing the recycling redemption rate through partnering with local redemption
21 centers and the counties to open more locations statewide. Last year the Department entered into
22 a contract to ensure that Lana‘i has an operating redemption center for the next five years. The
23 Department also worked with a partner on O‘ahu to open a redemption center in Kailua.
24 Unfortunately, COVID-19 infections, inflationary pressures, and the tight labor market continue
25 to be significant obstacles to staffing redemption centers, particularly on the neighbor islands.
26 The Department annually evaluates and adjusts the handling fees paid to redemption centers to
27 help offset these economic challenges and continues to explore all opportunities to ease and
28 expand the recycling process statewide.

29 Thank you for the opportunity to testify.

30 **Offered Amendments:** None.