



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
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**Testimony COMMENTING on SB0724  
RELATING TO DEPOSIT BEVERAGE CONTAINER REDEMPTION.**

SENATOR MIKE GABBARD, CHAIR  
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

January 29, 2025, 1:00PM, Conference Room: 224

1 **Fiscal Implications:** This measure may have an undetermined fiscal impact on the Department  
2 of Health (Department).

3 **Department Position:** The Department offers the following comments.

4 **Department Testimony:** The Environmental Management Division, Solid and Hazardous Waste  
5 Branch (EMD-SHWB) provides the following testimony on behalf of the Department.

6 The Department recognizes the intent of the measure and appreciates the steps taken  
7 to improve consumer accessibility to redemption centers. We offer the following comments on  
8 this measure.

9 This measure repeals all dealer exemptions and would require all dealers of deposit  
10 beverage containers (DBC) to operate a redemption center. While it would increase  
11 customers' accessibility, the proposed amendment may expose some dealers to undue  
12 hardship. The Department identified the following aspects of redemption center operation that  
13 are most affected by elimination of exemptions: 1) the cost of operating a redemption center;  
14 2) location or space limitations of operating a redemption center; and 3) increased state costs  
15 to certify and contract additional redemption centers.

16 The expenses dealers will incur from obtaining the proper equipment and supplies, and  
17 providing the necessary staffing needed to effectively and properly redeem DBC items,  
18 including additional costs for regular maintenance and cleanliness (i.e., pest control, cleaning

1 supplies, and protective wear) will become a part of the everyday expenses. Dealers would be  
2 competing with other businesses, including established certified redemption centers to offset  
3 the operational costs.

4 The location limitations dealers face includes the reconfiguration of existing property,  
5 and/or acquisition of additional space. Due to finite availability to land, should the measure be  
6 approved, some dealers would not be able to comply. Businesses in confined areas, such as  
7 shopping malls, would be limited and subject to what is negotiated in the lease. The elimination  
8 of all exemptions may have a negative chain effect and drive out smaller businesses in the state  
9 for failing to comply with the measure.

10 The Department suggests that it would be beneficial to dealers to preserve exemptions  
11 regarding elements of redemption center operations outside the control of the dealer. Things  
12 such as a lack of space or lease limitations that prevent redemption operations.

13 Finally, in regard to the dealer requirements when operating a redemption center,  
14 Hawaii Administrative Rules section 11-282-41, states that uncertified redemption centers are  
15 ineligible to collect the deposit refund or handling fee from the Department. To be eligible,  
16 dealers would be required to obtain a certificate with the DBC Program, submit the appropriate  
17 documentation and be subject to inspections and audits.

18 With regard to the implementation date for this measure, we recommend that the  
19 Legislature allow time for dealers to develop a plan for a redemption center, negotiate leases,  
20 obtain necessary permits and certifications, purchase equipment, and hire staff. In addition,  
21 given the number of increased redemption centers, the Department will be faced with an  
22 increased number of contracts with redemption centers, requiring contract development and  
23 management, invoice payment and certified redemption center inspections. We anticipate  
24 additional full-time equivalent permanent positions will be required, but the specific number  
25 and type has not yet been determined.

26 **Offered Amendments:** None

27 Thank you for the opportunity to testify on this measure.



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TO: Committee on Agriculture and Environment  
FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: January 29, 2025

TIME: 1pm

RE: SB724 Relating to Deposit Beverage Container Redemption

Position: Oppose

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

HFIA believes that encouraging recycling of HI-5 eligible containers, and all types of recyclable material is an important goal.

We do not believe that removing these exemptions and forcing retailers who are already in close proximity to a redemption center to also act as a redemption center this will be an effective way to address some of the issues with the deposit beverage container program.

In regards to promoting increased recycling of HI-5 eligible beverage containers we encourage legislators to read the auditor's summary and full report here:

<https://auditor.hawaii.gov/summary/report-no-19-08-financial-and-program-audit-of-the-department-of-healths-deposit-beverage-container-program-june-30-2018/>

**Lack of additional redemption centers close to existing redemption centers is not among the problems identified in the report, and removing the distance exemption is not one of the auditor's recommendations.**

It is important to understand that most retailers do not control the space in which they operate their stores. Landlords have strict rules about what types of behavior is allowed

on their property. In many cases landlords do not sanction the collection of waste, including recyclables, in large quantities inside or outside the premise of a retail location. The retail businesses that supply their communities with beverages in HI-5 recyclable containers have not been identified as a source of any of the many problems noted in the auditor's report. However, recent changes and implementation of some of the auditor's recommendations have added reporting requirements for these companies and created a substantial administrative burden. Removing the distance exemption would create yet another burden for these businesses, one which will not address the core problems with the program.

We encourage the legislature to continue to look for ways to improve recycling, and address already identified problems with beverage container recycling in Hawaii, in ways that do not place more unnecessary burdens on the food and beverage retailers in our communities.

We thank you for the opportunity to testify.



To  
Senate Committee on Agriculture and Environment  
Senator Mike Gabbard, Chair  
Senator Herbert M. Richards III, Vice Chair

January 29, 2025; 1:00 pm  
Conference Room 224 & Videoconference

From: Terry G. Telfer, President, Reynolds Recycling, Inc.

Comments in opposition to SB 724 Relating to Deposit Beverage Container Program

Aloha Honorable Chair Gabbard, Vice Chair Richards, and Members of the Committee:

Reynolds Recycling, as Hawaii's largest HI-5 Deposit Beverage Container recycler, supports the intent of SB 724 to create customer convenience, but the unintended consequence will actually be the harming of the system that has been serving the HI-5 recycling community since 2005.

Since the inception of the Hawaii Bottle Deposit Program (HI-5 program) in 2005 the recycling community has been making it possible for the people of Hawaii to redeem their bottles and cans. While the law specifically states that all retail establishments that sell HI-5 products must operate redemption centers if they are more than 2 miles from a certified redemption center, the State has apparently given exemptions to all retail locations requesting a hardship exemption.

When it was possible to operate more recycling locations in Hawaii earlier in the Hi-5 program, many recyclers were operating twice as many locations as currently. This drop in locations has been caused by the increase in costs (rent, employee, medical and other insurances, etc.) a drop in the value of recyclable materials captured by the HI-5 program, and lack of support from the State thru the Handling Fee, paid to the recycler. Currently the Handling Fee is calculated without the input from the Recycling Industry, by the same organization that caused California's Deposit Program to lose half of all redemption centers. We have followed in their footprint in losing ½ of all locations at this time.

While making all stores responsible for redemption sounds great for consumers, stores in Hawaii have neither the staff nor space to handle DBC (deposit beverage containers), and supporting the recyclers would be a much more productive, and quicker way to increase customer convenience.

Because of the above we **oppose the current SB 724.**

Thank you for the opportunity to submit this testimony.

**SB-724**

Submitted on: 1/28/2025 4:04:20 PM

Testimony for AEN on 1/29/2025 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Johnnie-Mae L. Perry	Individual	Oppose	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry OPPOSE SB NO. 724 for the following reasons

1. Environmental: reduce plastic containers production
2. Cost of Food: reduce my food cost by 6 cents per container charge at the check out
3. Health: eliminate "dumpster" diving by the homeless population, removing HI5 from all county bins.