



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

**HOUSE COMMITTEE ON HEALTH
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
H.B. 1062, RELATING TO INTEGRATED SOLID WASTE MANAGEMENT**

**Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health**

**February 13, 2013
10:30 a.m.**

1 **Department's Position:** The Department of Health respectfully opposes this measure.

2 **Fiscal Implications:** Undetermined

3 **Purpose and Justification:** This bill proposes to increase the maximum size of containers covered by
4 the Glass Advance Disposal Fee (ADF) and Deposit Beverage Container (DBC) programs from 68 to
5 128 fluid ounces. It also adds building materials as an allowable use for ADF material and adds wine,
6 spirits, milk and other dairy derived products to the DBC program.

7 The Department of Health respectfully opposes this measure as it would place a tremendous
8 administrative burden on the program at a crucial time. The department has just begun the process of
9 addressing issues and concerns raised by the legislative auditor. While the department has supported
10 efforts to include wine and spirit products in the DBC program, we prefer to focus our resources on our
11 program reform efforts. The administrative demands of drastically expanding the universe of covered
12 products for both the DBC and ADF programs while implementing reforms to the existing program
13 would overwhelm our limited resources.

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

15

William P. Kenoi
Mayor

Walter M.K. Lau
Managing Director



Dora Beck, P. E.
Acting Director

County of Hawai'i

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

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February 12, 2013

The Honorable Chris Lee, Chair
The Honorable Cynthia Thielen, Vice Chair
Committee on Energy and Environmental Protection
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

HEARING DATE: Wednesday, February 13, 2013

HEARING TIME: 10:30 A.M.

HEARING LOCATION: House Conference Room 329

Re: Testimony in Support of House Bill 1062

**Dear Chair Lee, Vice Chair Thielen and Members of
the Committee on Energy and Environmental Protection**

The County of Hawai'i Department of Environmental Management is pleased to submit testimony in support of HB 1062 which proposes amendments to the existing HI-5 bottle bill.

House Bill 1062 would increase the size of a deposit glass beverage container from sixty-eight (68) to one hundred twenty-eight (128) fluid ounces; adds building materials as a purpose under the glass recovery program; and adds wine, spirits, and milk and other dairy-derived products to the definition of "deposit beverage".

Including these beverages in the Deposit Beverage Container (DBC) program is in line with the County's movement towards Zero Waste and the need to extend the life of the South Hilo Sanitary and West Hawai'i Sanitary Landfills. It follows the State's goal of 50% waste diversion by January 1, 2000, based on Hawai'i Revised Statutes (HRS) 342G-3(a)(2) and is consistent with EPA's goal of 35% diversion. More importantly, HB 1062 allows for glass recovery programs to incorporate "use in building materials" as an option to increase in-state usage of glass from containers instead of shipping it elsewhere.

We appreciate the opportunity to submit testimony.

Sincerely,

A handwritten signature in black ink that reads "Dora Beck". The signature is written in a cursive, flowing style.

Dora Beck, P.E.
Acting Director

cc: Mayor William P. Kenoi
Wally Lau, Managing Director
Randy Kurohara, Deputy Managing Director
Kevin Dayton, Exec. Asst. to Mayor
Greg Goodale, SWD Chief
Linda Peters, Recycling Coordinator
Craig Kawaguchi, HI-5 Recycling Specialist

**Testimony of
Mihoko E. Ito
on behalf of
Distilled Spirits Council of the United States**

DATE: February 12, 2013

TO: Representative Chris Lee
Chair, Committee on Consumer Protection

Representative Della Au Bellati
Chair, Committee on Health

Submitted via EEPtestimony@capitol.hawaii.gov

RE: **H.B. 1062– Relating to Integrated Solid Waste Management
Hearing Date: Wednesday, February 13, 2013 at 10:30 am
Conference Room: 329**

Dear Chair Lee and Members of the Committee on Energy & Environmental Protection,

I am Mihoko Ito, appearing on behalf of the Distilled Spirits Council of the United States (“DISCUS”). DISCUS is a national trade association representing producers and marketers of distilled spirits sold in the United States.

DISCUS **strongly opposes** H.B. 1062, which adds wine and spirits, among other products, to the deposit beverage container program.

Glass bottles for wine and spirits are already handled in Hawaii by the assessment of an advance disposal fee of one and one half cent per glass container. All revenues generated from advance disposal fees are deposited into a special account in the environmental management fund, and these moneys are used to fund county glass recovery programs. While we understand that the Counties and the Department of Health feel that the current fee is insufficient, we believe that doubling the current fee for containers under 12 ounces and quadrupling it for containers that hold more than 12 ounces to both increase the Counties payouts to glass recyclers and to create three new positions in the Department to administer this program is excessive. As the industry which is responsible for paying this

Gary M. Slovin
Mihoko E. Ito
Christine Ogawa Karamatsu
Tiffany N. Yajima
Nicole A. Velasco

1099 Alakea Street, Suite 1400
Honolulu, HI 96813
(808) 539-0840

fee, we would appreciate an opportunity to discuss the needs of the Counties glass recovery programs first to see if we can help resolve their recycling issues and costs in a collaborative manner, rather than have the fees unilaterally raised on us.

In addition to the advance disposal fee per glass container, distilled spirits are already assessed significant taxes and fees in Hawai'i. For a typical bottle of distilled spirits sold here, 25% percent of the retail price goes to pay State and local taxes and fees. When factoring in federal requirements, 51% of the purchase price of each bottle of distilled spirits goes toward taxes and fees. These goods would subsequently have to be assessed higher prices if the advanced disposal fee is raised, ultimately hurting the consumer.

For the reasons stated above, we respectfully oppose this measure and ask that you hold H.B. 1062.



HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)

1050 Bishop St. Box 235
Honolulu, HI 96813
Fax : 808-791-0702
Telephone : 808-533-1292

DATE: Wednesday, February 13, 2013

PLACE: Conference Room 329

TIME: 10:30 a.m.

TO: COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Rep. Chris Lee, Chair; Rep. Cynthia Thielen, Vice Chair

COMMITTEE ON HEALTH

Rep. Della Au Belatti, Chair; Rep. Dee Morikawa, Vice Chair

FROM: Hawaii Food Industry Association: Lauren Zirbel, Executive Director

RE: HB 1062 RELATING TO INTEGRATED SOLID WASTE MANAGEMENT

Chair & Committee Members:

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.

The Hawaii Food Industry Association opposes this measure.

This measure increases the cost of beverages packaged in non-deposit beverage glass containers. This would increase the cost of many popular consumer beverage products and hamper the success of the local beverage industry.

Mahalo for the opportunity to provide this testimony.

February 11, 2013

Via Email

Representative Chris Lee, Chair
Representative Cynthia Thielen, Vice Chair
House Committee on Energy & Environmental Protection
Hawaii State Capitol
415 South King Street
Honolulu, Hawaii 96813

Representative Della Au Belatti, Chair
Representative Dee Morikawa, Vice Chair
House Committee on Health
Hawaii State Capitol
415 South King Street
Honolulu, Hawaii 96813

Re: H.B. No. 1062 relating to the Deposit Beverage Container Program

Dear Chair Lee, Chair Belatti, Vice Chair Thielen, Vice Chair Morikawa,
and Committee Members:

On behalf of the Hawaii Liquor Wholesalers Association (“HLWA”), we respectfully submit the following written testimony in opposition to H. B. No. 1062, relating to the deposit beverage container program, which is to be heard by your Committee on Health on February 13, 2013. H.B. No. 1062 would make wine and hard spirits subject to the deposit beverage container program. HLWA believes that H.B. No. 1062 is inappropriate and unworkable for several reasons.

First, wine and spirits already are subject to the advanced disposal fee for glass containers under Part VII of Hawaii Revised Statutes (“HRS”) chapter 342G. Specifically, HRS section 342G-82 already imposes an advanced disposal fee of one-and-one-half cents per glass container. Changing fee to, effectively, six cents per bottle, imposes more cost on the consumer.

Second, by statute, the advance deposit fees are to be used for glass incentive or “buy back” programs that provide a means of encouraging participation by the public or private collectors, and the paving of the equivalent of one mile of two lane asphalt roadway as part of a research and demonstration program utilizing glassphalt or glass within any other portion of the pavement section, or other demonstration projects approved by the Department of Health. In addition, county programs may include the collection and processing of glass containers, either through existing county agencies or through external contracts for services, subsidizing the transportation of processed material to off-island markets, the development of collection

House Committee on Energy & Environmental Protection
House Committee on Health
February 11, 2013
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facilities or the provision of containers for glass recycling, or the incremental portions of multi-material programs, additional research and development programs, including grants to private sector entrepreneurs, especially those activities developing higher value uses for the material, and public education and awareness programs focusing on glass recovery, or the incremental portions of multi-material programs. In contrast the fees for deposit beverage program appear to be intended to be substantially to fund the program itself.

We also note that one of the primary goals of bottle bills is the reduction of litter; however, to our knowledge glass and spirit bottles are not significant sources of litter and including wine and spirit bottles in the bottle bill would have only a marginal impact with respect to litter.

Finally, very few other U.S. jurisdictions impose deposit requirements on wine and spirits, meaning that wine and spirit makers and distributors would need to change their labels to accommodate the requirement of a tiny minority of jurisdictions. For example, California does not include wine and spirits in its deposit program. Imposing this requirement may result in certain products becoming unavailable in the Hawaii market because the cost of changing the labels may exceed the return from Hawaii's relatively small market.

For the foregoing reasons, we respectfully oppose H.B. No. 1062. Thank you for your consideration of the foregoing.

Very truly yours,



HAWAII LIQUOR WHOLESALERS ASSOCIATION



Katie Jacoy
Western Counsel
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Tacoma, WA 98406
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THE HOUSE OF REPRESENTATIVES
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

COMMITTEE ON HEALTH
COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Testimony in Opposition to HB 1062

Wine Institute, representing 926 California wineries and associated businesses, opposes including wine bottles in the Hawaii Deposit Beverage Container Program as proposed in HB 1062. Wine Institute (WI), like Hawaii, is committed to environmental stewardship. Through our Sustainable Winegrowing Program, we provide California vintners and growers with information on how to conserve natural resources, protect the environment and enhance relationships with employees, neighbors and local communities. WI, therefore, supports efficient and cost-effective mechanisms to increase the recycling of wine bottles. To that end, we believe that resources in Hawaii would be better dedicated to a comprehensive curbside recycling program than expanding the bottle bill to include wine bottles.

Curbside is the ideal recycling method for wine bottles, since pick-up is where the product is primarily consumed – at home. Wine bottles are heavy, breakable, and take up limited household storage space, so they are not well suited for recycling programs that require the consumer to return them to a retail location or redemption center.

A comprehensive curbside recycling program would likely be more effective in increasing the recycling rate for wine bottles, rather than simply putting a “fee” on every bottle. A deposit fee is essentially a tax increase. HB 1062 would add a \$.05 deposit fee for every wine bottle, which just increases the price for wine.

By including wine bottles in the Hawaii deposit beverage container law, it will cost Hawaii consumers more than \$7.3 million dollars to raise about \$258,000. This just doesn't make sense!

Wine Institute estimates that including wine bottles in Hawaii's bottle redemption law will cost in excess of \$7.3 million for wineries and even more for Hawaii consumers. Wineries pass along these costs to consumers, which are marked-up as the wine moves from winery to wholesaler to retailer.

- ✓ Maine & Iowa are the only two states that include wine bottles in their redemption laws. In those states, wholesalers open each case and place the state specific redemption

sticker on each bottle before it goes to the retailers. Wineries pay them to perform that function. One large California winery reports paying 34 cents per bottle for this work in Maine.

- ✓ To demonstrate the magnitude of the costs, 21,488,400 750ml bottles of wine were consumed in Hawaii in 2011. The estimated cost to wineries, and therefore Hawaii consumers, to comply with the bottle redemption law would be \$7,306,056 (using 34 cents per bottle).

Wine Institute estimates that the state will only raise about \$258,000 in revenue.

- ✓ The Beverage Information Group's 2012 Wine Handbook reports the total consumption of table wine in Hawaii in 2011 was 1,790,700 cases.
- ✓ This is equal to 21,488,400 750ml wine bottles (1,790,700 x 12 per case) making the estimated deposits collected \$1,074,420 (21,488,400 x \$.05). (We did not include the additional 1.5 cents that is currently charged per bottle because it is our understanding that this money is used for bottle handling costs.)
- ✓ Assuming an 76% redemption rate (Hawaii's Deposit Beverage Container redemption rate for glass as reported in the DOH report to the Legislature dated December 2011), the state Deposit Beverage Container fund will gain only an estimated \$257,860 from unredeemed deposits on the remaining 24% of the wine bottles.

Hawaii wine consumers already pay one of the highest prices in the United States for their wine.

The price of wine for Hawaii consumers is already increased by excise tax (eighth highest in the country), general excise tax of 4.17% (or 4.712% for the City and County of Honolulu), and the higher transportation costs to ship wine to Hawaii. We urge you not to add more costs that will just result in higher prices for consumers.

Wine bottles do not typically create a litter problem and are more likely recycled at curbside. So we urge you NOT to add wine bottles to Hawaii's Deposit Beverage Container Program, which will just make wine more costly in Hawaii.



**To: Rep. Della Au Belatti, Chair
Rep. Dee Morikawa, Vice Chair
Committee on Health**

**To: Rep. Chris Lee, Chair
Rep. Cynthia Thielen, Vice Chair
Committee on Energy & Environmental Protection**

**Fr: Terry Telfer, President
Reynolds Recycling**

Date: Wednesday, February 13, 2013, 10:30 in Conference Room 329

Re: Testimony in support of HB1062, Relating to DBC Program

Reynolds Recycling operates the largest network of redemption and scrap metal buy back centers in Hawaii. Reynolds has invested heavily to make DBC recycling convenient to consumers, and to be a responsible corporate citizen in the Hawaii community.

Reynolds Recycling supports the inclusion of new Deposit Beverage Container products of all sizes into the DBC Program.

We would continue to support the exclusion of dairy products, due to its nature as a likely source of olfactory offense.

We also support the inclusion of building material as an approved use of glass.

As a leader in Hawaii's recycling industry, Reynolds Recycling remains committed to protecting Hawaii's future by recycling today, and in the future. We support HB1062

Thank you.

TO: Members of the Committees on Health and Energy & Environmental Protection

FROM: Natalie Iwasa
Honolulu, HI 96825
808-395-3233

HEARING: 10:30 a.m. Wednesday, February 13, 2013

SUBJECT: HB 1062 Beverage Tax - **OPPOSED**

Aloha Chairs and Committee Members,

Thank you for allowing me the opportunity to provide testimony on HB 1062, which would expand the beverage container **tax** (please call it what it is) to include milk and other containers. I oppose this bill and ask you to vote "no."

We recycle. We pay extra fees. We take our deposit containers to redemption centers for recycling, but before we take them in, we have to have a place to store them. **Enough with the extra fees already** and the extra work created to get our money back!

If you want to see more containers being recycled, then expand county recycling programs to include all residents.

Please vote "no" on this bill.

thielen3 - Charles

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 11, 2013 10:39 AM
To: EEPtestimony
Cc: tabraham08@gmail.com
Subject: *Submitted testimony for HB1062 on Feb 13, 2013 10:30AM*

HB1062

Submitted on: 2/11/2013

Testimony for EEP/HLT on Feb 13, 2013 10:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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thielen3 - Charles

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 12, 2013 1:43 PM
To: EEPtestimony
Cc: alohashellservice@hawaii.rr.com
Subject: Submitted testimony for HB1062 on Feb 13, 2013 10:30AM

HB1062

Submitted on: 2/12/2013

Testimony for EEP/HLT on Feb 13, 2013 10:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Paul Hanada		Support	No

Comments: Please include to encourage more recycling. Thank you.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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