

SB 1163

Date of Hearing: February 17, 2009

Committee: Senate Human Services/Energy
and Environment

Department: Education

Person Testifying: Patricia Hamamoto, Superintendent

Title: S.B. 1163, Relating to Funding of Keiki First Steps Trust Fund

Purpose: Requires distributors that sell and distribute plastic shopping bags to stores for use by consumers to pay to the department of health a fee of 5 cents per shopping bag. Requires the fees collected to be remitted to the Keiki First Steps Trust Fund.

Department's Position: The Department of Education (Department) supports S.B. 1163 as long as its implementation does not impact or replace the priorities set forth in the Executive Biennium Budget for Fiscal Years 2009-2010. In addition to ensuring a greener Hawaii, this bill will provide ongoing support for the work of the Early Learning Council (Council), and will ultimately ensure that the developmental and early learning needs of young children are equitably addressed throughout the state.

During the challenging economic times, it behooves all of us to explore creative funding strategies to support early learning. Along with the Early Learning Council, the Department hopes that the Legislature and the general community will provide this bill a favorable consideration.

The Department is committed to work with the Department of Health to ensure smooth transfer of any monies generated into the Keiki First Steps Trust Fund.



KAMEHAMEHA SCHOOLS

Testimony to the Senate Committee on Human Services and
The Senate Committee on Energy and Environment

Hearing Date: Tuesday, February 17, 2009

2:00 p.m. – Conference Room 016

Re: SB 1163 Relating Funding of Keiki First Steps Trust Fund

Dee Jay Mailer, Chief Executive Officer
Kamehameha Schools

Good afternoon Chairs Chun Oakland and Gabbard, Vice Chairs Ihara and English and members of the Senate Committee on Human Services and the Senate Committee on Energy and Environment. My name is Dee Jay Mailer, Chief Executive Officer of Kamehameha Schools. Thank you for this opportunity to testify in support of SB 1163.

Kamehameha Schools supports the efforts of the legislature to enhance the early education opportunities of children across the state through the Early Learning Council. In order for the Council to do its work, it needs resources and therefore Kamehameha Schools strongly supports efforts to provide funding that the Council needs to fulfill its charter.

Founded in 1887, Kamehameha Schools is a statewide educational system supported by a trust endowed by Princess Bernice Pauahi Bishop, whose mission is to improve the capability and well-being of Native Hawaiian children through education. We serve 5,400 K-12 students through campus programs on O'ahu, Hawai'i and Maui, and 1,485 three-and-four-year-olds at 31 preschool sites statewide. We also provide scholarships to keiki attending other pre-schools and provide funding for child-family interaction programs that have filled a great need in rural communities.

Since its inception more than 20 years ago, the Kamehameha Schools Early Childhood Education (ECE) Division has provided more than 11,000 keiki with their first preschool experience. Early childhood education and parental support is the cornerstone of the Education Strategic Plan adopted in 2005, which seeks to foster long-term intergenerational change in the way Native Hawaiian families approach learning. Research demonstrates that early education is a key factor in lifelong success for all children, and we strongly urge the legislature to promote, enhance and support the efforts of the State of Hawai'i to appropriately address the needs of Hawai'i's pre-kindergarten children.

We look forward to continuing to work closely with the legislature, the Department of Education and other public and private stakeholders in the community for the benefit of the children of Hawai'i.

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Founded and Endowed by the Legacy of Princess Bernice Pauahi Bishop

Page Two

We also understand the economic burden that government and the private sector are under today and are actively working with and within the Early Learning Council to keep momentum going in its first year. We therefore believe that this measure is a significant step toward identifying a viable funding mechanism for the Keiki First Steps Trust Fund. As a member of the Early Learning Council, Kamehameha Schools, stands committed to this work and we support this measure.

Thank you for the opportunity to testify.



February 17, 2009
2:00 p.m.
Conference Room 016

TESTIMONY TO
THE SENATE COMMITTEES ON HUMAN SERVICES
AND ENERGY AND ENVIRONMENT

RE: SB 1163 – Relating to Funding of Keiki First Steps Trust Fund

Chairs Chun Oakland and Gabbard, Vice Chairs Ihara and English, and Members of the Committees:

My name is Robert Witt and I am executive director of the Hawaii Association of Independent Schools (HAIS), which represents 97 private and independent schools in Hawaii and educates over 30,000 students statewide.

The Association supports Senate Bill 1163 – Relating to Funding of Keiki First Steps Trust Fund, which requires distributors of plastic shopping bags to pay the Department of Health a five-cent fee per shopping bag and would remit these fees and ten percent of the unredeemed refund value of the HI5 Deposit Beverage Container Program to the Keiki First Steps Trust Fund.

We have always been an advocate for educational programming and services for young children and are in great support of both the Early Learning Council – of which the head of one of our member schools, Dr. Robert Peters of Hanahau’oli School, serves as chair – and its work to develop a comprehensive early childhood education system for Hawaii. By collecting a fee for plastic shopping bags and routing these funds and a portion of the revenues from the Deposit Beverage Container Program into the trust fund, this measure will provide the Early Learning Council with the much-needed means to continue the good work that it has already begun.

HAIS encourages the Committee to pass this measure, as we believe that such an investment in the education of the youngest members of our community is not only an investment in their future success but in the future success of our state as a whole, and will produce significant dividends for all of us in Hawaii, for many years to come.

Mahalo for this opportunity to testify.

February 17, 2009
2:00 pm
Room 16

TESTIMONY TO
THE ENERGY AND ENVIRONMENT and HUMAN SERVICES
COMMITTEES

Re: SB 1163 – Keiki First Steps Trust Fund: Plastic Shopping Bag Fee

Dear Chairs Gabbard and Chun-Oakland and Members of the Committee:

My name is Robert G. Peters. I am the Head of Hanahau`oli School, the HAIS delegate to the Early Learning Council and the Council's Chair. Thank you for the opportunity to give testimony in support of SB 1163. This bill is critically important in light of our state's sustainability issues: the welfare of our keiki as they get ready for school success and the preservation of our aina and ocean environments critical to our economic future.

The Legislature in 2008 passed Act 14 as a Special Sessions Law. It creates the Early Learning Council which has been charged to design a statewide comprehensive early learning system which will address the diverse needs of our families, be of high quality and broadly accessible and a public-private partnership. The Council has been working earnestly since September and recognizes the lack of funding available in the General Operating budget given current economic conditions. As a means to raise funds that will eventually support direct services to children and not impact the general fund, the Council is supporting this bill which seeks to add a fee to the use of plastic bags. While this proposal is designed to add funds to the trust, it is equally invested in lowering and/or eliminating the use of plastic bags recognizing their negative environmental impact. Similar programs in Ireland and Seattle, WA., have proved very successful.

In addition, we support the bill's intent for the Keiki First Steps Trust Fund to become a recipient of 10% of the unredeemed refund value from plastic bottle redemption that currently is part of the beverage container deposit special fund as determined by the state's auditor. It is anticipated that the revenue generated from this program and the plastic bag initiative can provide a significant source of revenue for the early childhood system in our state. Children from low-income families suffer the most in lean times like these and while the Federal Government may offer some support, our State, too, needs to step up and participate. This measure provides for public funding without affecting the general operating budget which will also give the Council leverage as it approaches private funders to add to the trust.

We hope you will seriously consider this bill as a stand alone entity or in combination with other sustainability legislation in order to address both the human and physical resources most important to our Islands.

Robert G. Peters, EdD



Hearing date:
Tuesday,
February 17,
2009, 1:45 p.m.
Senate Energy
Committee
Room 016

To: Senator Suzanne Chun Oakland, Chair
Senator Mike Gabbard, Chair
SENATE COMMITTEES ON HUMAN SERVICES AND
ENERGY AND ENVIRONMENT

From: Elisabeth Chun, Executive Director
Good Beginnings Alliance

Date: Tuesday, February 17, 2009, 2:00 p.m.
Conference Room 016

Subject: **SB1163:** Requires distributors that sell and distribute plastic shopping bags to stores for use by consumers to pay to the department of health a fee of 5 cents per shopping bag. Requires the fees collected to be remitted to the keiki first steps trust fund.

The Good Beginnings Alliance is a policy and advocacy organization focused on Hawaii's youngest children and their families. We strive to ensure a nurturing, safe and healthy development for all children from pre-birth to age eight. We believe all children deserve safe and supportive environments that meet their needs as they grow and develop.

We strongly support this bill.

Good Beginnings Alliance has been actively supporting the new Early Learning Council through its different subcommittees. We also recognize the importance of continuing this work despite the current state budget challenges. Thus passage of this bill would allow the Council's work to continue through a new funding stream that is not reliant on appropriations from the State's General Fund

Mahalo for your support.

For more information contact: Good Beginnings Alliance; phone: 531-5502;
lchun@goodbeginnings.org

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON HUMAN SERVICES
AND ENERGY AND ENVIRONMENT
ON
SENATE BILL NO. 1163

February 17, 2009

RELATING TO FUNDING OF KEIKI FIRST STEPS TRUST FUND

Senate Bill No. 1163 proposes to assess a five cent per shopping bag fee on distributors and to divert ten percent of deposit beverage container unredeemed refund values for the Keiki First Steps Trust Fund.

We oppose this bill.

Although we support efforts to develop high-quality early learning opportunities, we note that our current financial plan relies in part on \$10 million of deposit beverage container special fund balances. Further, as a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-53.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. We question whether there is any nexus between shopping bags, bottle redemptions, and the Keiki First Steps Trust Fund.

LINDA LINGLE
GOVERNOR OF HAWAII



CHIYOME LEINAALA FUKINO, M.D.
DIRECTOR OF HEALTH

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

In reply, please refer to:
File:

SENATE COMMITTEE ON HUMAN SERVICES
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

S.B. 1163, RELATING TO FUNDING OF KEIKI FIRST STEPS TRUST FUND

Testimony of Chiyome Leinaala Fukino, M.D.
Director of Health
February 17, 2009

1 **Department's Position:** The Department of Health has concerns about creating new fees that will
2 impact retailers and consumers at this time of economic difficulties and opposes using deposit beverage
3 container (DBC) special funds to support the Keiki First Steps Program, given that the fund is already
4 being called upon to support the executive budget.

5 **Fiscal Implications:** The Department estimates that the additional resources needed to plan, coordinate
6 and implement this proposed plastic shopping bag regulatory program would total approximately
7 \$150,000, including 1.5 FTEs. The proposed fee would impact retailers and consumers in the range of
8 several hundred thousand dollars a year.

9 As for earmarking 10 percent of unredeemed DBC deposits for the Keiki First Steps trust fund
10 and using FY2010 as an example, if the \$10 million transfer of DBC funds to the General Fund
11 (proposed in S.B. 884) is implemented, at the Program's projected redemption rate of 80%, the DBC
12 special fund balance at the end of FY 2010 is forecasted to be \$3,837,928.28. If S.B. 1163 is
13 implemented and 10 percent of the projected unredeemed deposits (i.e., \$931,013.06) are eliminated

1 from program projected revenues for that fiscal year, the program forecasts a fund balance at the end of
2 FY2010 of \$2,906,915.22.

3 **Purpose and Justification:** This bill would place a 5-cent charge on each plastic shopping bag sold to
4 stores, with distributors responsible for paying the fee to fund the Keiki First Steps Trust Fund. The bill
5 also proposes to divert 10 percent of unredeemed deposits held in the DBC special fund to the trust fund.

6 The Department recognizes the value of quality early childhood care and education; however, the
7 proposed mechanism is problematic. We focus our comments on the areas that directly impact the
8 Department's programs and priorities.

9 As to plastic bags, the Department supports the reduction of solid waste, litter, and of the use of
10 petroleum resources. State policy already sets source reduction and recycling as the top two priorities
11 for solid waste management (HRS §342G-2(b)). We favor reducing plastic pollution because of its
12 effect on our natural environment. The Department suggests that the effectiveness of private retail
13 industry initiatives should be first considered and evaluated. The Department suggests that some
14 measure of effectiveness be set in order to gauge success, which could be a target that progresses over
15 time. Moreover, we feel that imposing new fees on retailers and consumers in the current distressed
16 economy is not prudent.

17 This measure creates a new DOH regulatory program and would presume some application of
18 administrative fines and penalties to ensure program compliance. Adequate funding and resources will
19 be required to enforce compliance. However, we oppose funding that adversely affects priorities in the
20 current executive budget.

21 We are concerned about the DBC fund becoming an omnibus source of general government
22 funding given the DBC Program's requirement to refund deposits and pay handling fees. We are
23 concerned about taking money from the DBC fund when it may also be called upon to help alleviate the
24 State's difficult fiscal situation in S.B. 884.

1 Broader budget priority setting should precede assigning particular new uses to special funds.

2 Although the Department appreciates the intent of this bill, given the current fiscal realities, it
3 would not be prudent to pursue this proposal.

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

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Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair
Committee on Human Services

Senator Mike Gabbard, Chair
Senator J. Kalani English, Vice Chair
Committee on Energy & Environment

HEARING Tuesday, February 17, 2009
 2:00 pm
 Conference Room 016
 State Capitol, Honolulu, Hawaii 96813

RE: SB1163 Relating to Funding of Keiki First Steps Trust

Chairs Chun Oakland and Gabbard, Vice Chairs Ihara and English, and Members of the Committees:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii.

RMH recognizes the good intention behind SB1163, which requires distributors that sell and distribute plastic shopping bags to stores for use by consumers to pay to the department of health a fee of 5 cents per shopping bag and requires the fees collected to be remitted to the keiki first steps trust fund, and we acknowledge the legislature's objective.

However, we have grave concerns about the increased burden this measure will place on Hawaii's residents who are struggling in this dire economy.

Depending on the base cost, the five-cent fee represents between a 250% and a 500% increase in the price of a plastic bag. Neither the seller of the plastic bag nor the store that purchases the plastic bag can absorb this added expense. There is no doubt that this additional cost must be and will be passed on to the consumer. We ALL will pay more for groceries and other goods. Hawaii's residents just cannot afford this.

We respectfully urge that you **hold SB1163**. Thank you for your consideration and for the opportunity to comment on this measure.

Carol Pregill, President

RETAIL MERCHANTS OF HAWAII
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Honolulu, HI 96814
ph: 808-592-4200 / fax: 808-592-4202

RELATING TO FUNDING OF KEIKI FIRST STEPS TRUST FUND.

Requires distributors that sell and distribute plastic shopping bags to stores for use by consumers to pay to the department of health a fee of 5 cents per shopping bag. Requires the fees collected to be remitted to the keiki first steps trust fund.

Chariman Chun Oakland (HMS) and Chairman Gabbard (ENE):

I am Mary Smart, a private citizen, and strongly OPPOSE SB1163. It places a tax on plastic bags for which many people, both the store customer and industry have found multiple uses. They are not one time use items as the Bill presumes they are.

- The H-Power Plant burns plastic bags as an alternative to fossil fuels because the burn is hotter and more power results. If this source of power is diminished we will become more dependent on foreign oil imports. It would be completely irresponsible to do something to make us less energy independent.
- Plastic bags are recycled to make new wood-like products. Outside decks are made with recycled plastic and instead of wood that needs frequent water sealant. Taking away this raw material from the recyclers/product manufacturers will make these weather resistant products more expensive.
- Most plastic bags are used and reused until they fall apart, unless they have been contaminated by leakage from meat or other hazardous product. Most people line the trash cans with the bags, we carry our lunch to work in the bags; we carry our dress shoes while we wear slippers; we wrap our liquids when we put them in our suitcases. I could list hundreds of way people have found to reuse these bags.
- Many people recycle the bags at recycle locations. If litter is a problem address it as a litter problem, not as a get rich quick scheme to drain more money out of people in Hawaii. Are you limiting this tax to only the bags at check-out or take-out restaurants or is it also garbage bags and zip-lock bags, and all the other

plastic bags, plastic wrap...etc? This Bill is too invasive on the freedom of the American people. Is there any part of our lives you are not going to regulate?

- First you targeted cans and bottles and got a lot of income from items that are not reclaimed. Now you want to extend your tax to plastic bags. Since there is all kinds of trash, it appears your need will not be satiated. Soon the President will sign the outrageous spending bill that our Senators and Representatives didn't even read before voting to pass it, there will be plenty of free money to go around (that the overtaxed taxpayer will eventually pay). We don't need new taxes for Keiki First Steps Trust Fund.
- If there is so much plastic in the water, it would be a good investment to harvest the bags already available and recycle them. Also, rather than tax all users of the bags who are diligent in reusing and recycling, it would be better to fine those who intentionally dump the bags into the water or other public areas.
- Most studies indicate school is not needed for children 0 – 5 years old. When our economy is doing so poorly, you should not be funding unneeded programs.
- Department of Education gets enough funds. Keiki First Steps will be used as a babysitting service for children 0 – 5 years old. Everyone in Hawaii would send their children to private schools if they could. It is known children do better when raised by their own parent. This initiative will just weaken the family and turn child rearing over to the government. Children do as well as they can when they start school at kindergarten. We don't need additional failing schools. If you really want children to do better in school, fund school vouchers and let parents decide where their children learn best. Let parents have school "Choice".
- When I was young someone could begin kindergarten when they were 4 years old as long as they would be 5 by January of the following year. Later it was decided that 4 years old was too young and children had to be 5 by the time they started school. This Keiki First Steps program defies logic and all previous studies.

- Because public (government) schools are doing a poor job of teaching, alternative tutoring services are achieving academic and financial success. Mathnasium and Sylvan learning programs actually teach children rather than just babysit them. Most schools other than military schools run by the government have proven to be a failure. It is time to dismantle the Keiki First Steps Trust Fund and allocate the funds to things all citizens need, better sewers and improved roads.
- In the video presentation “Speechless” by American Family Association, parents from Ashland Kentucky were told that while children were in school they would be taught anything the school wants them to be taught, regardless of parental wishes and beliefs. There will be a high probability for unstable families if “school” values and “family” values are inconsistent. We do not need more government run programs to destabilize the family.
- The Hawaii Board of Education has already proven they are not to be trusted with our children. Although they agreed to random drug testing to get a pay raise, they are yet to submit to it. We already know some teachers have been arrested as users and distributors, we just don’t know how many are still in the classroom. There should be no consideration of exposing young children to this program. When the drug dog policy was proposed, and an initial trial proved to be very successful, teachers were opposed to implementing it further. We don’t need to expose children to teachers unwilling to be drug tested.
- The reason keeping children at home with a parent or family member is so important is that they get more individualized attention. No one loves others’ children as much as their own. Children do not thrive in an institutional setting.
- Sexual perverts who molest children would love to have access to our precious youth, especially at an age where they cannot report the abuse (age 0 – 5). The children who are able to report the abuse may be too threatened to do so since they know they will return to be under the care of the abuser again. Children are easily manipulated at this young age. If this is the environment they have been

raised in, knowing these teachers better than their parents, they may be hesitant to report abuse. How much liability insurance will you have to cover all the charges of abuse (sexual, neglect, endangerment, etc)? This program is ripe for litigation.

- Young babies have a weak immune system. In this environment they will be exposed to a lot of disease. This is very unhealthy at such a young age.
- The Board of Education gets more than enough funds to carry out their responsibilities. If they want to take on this objective, they need to do it within their current budget. If this program must be funded, which I highly recommend against, then subtract at least \$10,000 from the current Board of Education Budget for every child that is home schooled or attends private school. The ideal use of these funds would be to turn them over to the parents of the home school or private school child, but if you are going to create this horrendous monster of a child education program, get the money from the money the school board saves by not providing educational service to the home and private school children.
- Environmentalists are proponents of this issue. It was the environmentalists that forced stores to give up paper bags (a renewable, biodegradable resource) and go to the plastic “to save a tree”. Taxing consumers/stores to fund this Keiki First Step Trust Fund is another solution to a problem that has not been well thought out and will cause worse problems in the future.
- Government is too intrusive into every aspect of our lives. This is not what our founding fathers intended. Government needs to be as small as possible.
- This is just another program where government is trying to take over the role of the family. Enough is enough.
- Please vote against SB1163.

Mary Smart
Mililani 96789