

Bernard P. Carvalho, Jr.
Mayor



Larry Dill, P.E.
County Engineer

Gary K. Heu
Managing Director

Lyle Tabata
Deputy County Engineer

DEPARTMENT OF PUBLIC WORKS

County of Kaua'i, State of Hawai'i

4444 Rice Street, Suite 275, Lihue, Hawai'i 96766
TEL (808) 241-4992 FAX (808) 241-6604

February 19, 2013

Testimony of **Larry Dill**, County Engineer, County of Kaua'i

Before the House Committee on Finance: Representative Sylvia Luke, Chair

Rep. Scott Y. Nishimoto, Vice Chair

Rep. Aaron Ling Johanson, Vice Chair

Wednesday, February 20, 2013

2:00 Pm

Senate Conference Room 211

In consideration of

SHB 899

RELATING TO RECYCLING

Dear Chair, Vice-Chair, and Members:

My name is Larry Dill, County Engineer, Department of Public Works, County of Kaua'i, testifying in support of House Bill HB 899 which would restore the original Deposit Beverage Container program exemption from the Central Services Assessment.

Originally the HI-5 program was exempt from the transfer to the General Fund; this allowed the entire amount of the monies collected to be used for redemption and program operation. In 2009, the legislature, in need of additional sources of revenue for the General Fund, removed the exemption.

The Department of Health is seeking the reinstatement of the exemption for two reasons. First, the department argues that the Central Services Assessment should not be applied to the deposit revenues as they are primarily designated to be returned to consumers as redemptions.

The bulk of the Deposit Beverage Container (DBC) Program's revenue comes from deposits it collects on new beverage containers. These deposits are maintained in the program's account until they are paid out to consumers (through redemption centers) when used containers are redeemed.

Second, annual Central Services Fee (CSF) assessments have ranged from \$2.5 million to \$3 million and have been a significant drain on the program's reserve fund. The CSF assessments, when combined with legislative raids and consistently high redemption rates, have reduced the fund to dangerous levels. The low fund balance led the department to increase the container fee from 1 cent to 1.5 cents per container on 1 September 1, 2012. Restoring the CSF exemption for the DBC Program will help the Department of Health maintain adequate funding, which will in turn ensure continued operation of the program.

The County of Kaua'i is submitting this testimony strongly supporting this proposal

We thank the Committee for the opportunity to testify on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Larry Dill', is written over a circular stamp or seal.

Larry Dill, P.E.
County Engineer

ALOHA GLASS RECYCLING, INC.

75 Amala Place, Kahului, Hawaii 96732 Tel (808) 871-8544 Fax (808) 873-6364
e-mail – treed@maui.net

Testimony – **HB 899**

Our business **supports** this legislation

Our recycling company was certified as a redemption center on Maui in late 2004. We started redemption operations on January 1, 2005. We currently have five locations and employ 26 people. Revenue is derived from two major sources – sale of the recycled commodities and handling fees paid by the state. Commodity prices dropped 30% to 40% with the downturn in the economy in 2008 and have not recovered to any substantial degree. The handling fees are the only thing that keep us afloat.

We understand that the Department of Health HI5 program is struggling financially. This is due in part to the legislature “raiding” the HI5 fund over several years. HB899 would prohibit this practice and provide greater longevity to the fund. If DOH cannot adequately fund the program the only option they have is cutting the handling fees. Any cut to the handling fees would likely put our company out of business.

On behalf of our company and its 26 employees I ask you to **approve** this bill.

Sincerely yours

Tom Reed

Tom Reed
President

HB899

Submitted on: 2/18/2013

Testimony for FIN on Feb 20, 2013 14:00PM in Conference Room 308

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

Comments: Please support HB899. 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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