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# A BILL FOR AN ACT

RELATING TO THE DEPOSIT BEVERAGE CONTAINER PROGRAM.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature established the deposit  
2 beverage container program in 2002, recognizing that recycling  
3 is an important element of the integrated solid waste management  
4 system that will accomplish two important goals:

5           (1) Help to protect and preserve environmental resources;

6                     and

7           (2) Reduce economic costs to residents and businesses  
8                     within the State.

9           The legislature finds that the program is currently being  
10 implemented in a way that causes a conflict between these two  
11 goals. A higher redemption rate means more consumers are  
12 recycling, which serves to protect and preserve environmental  
13 resources. However, the higher the redemption rate means  
14 consumers will be charged a higher deposit beverage container  
15 fee.

16           Section 342G-102(d), Hawaii Revised Statutes, authorizes a  
17 .5 cent increase in the deposit beverage container fee if



1 consumers redeem more than seventy per cent of the deposit  
2 beverage containers. This fee is passed on to the consumer and  
3 does not serve as an incentive for consumers to continue  
4 redeeming deposit beverage containers at high rates.

5 The legislature further finds that one hundred per cent  
6 redemption, though extremely desirable, is highly unlikely. As  
7 a result, a surplus of almost \$20 million plus any accruing  
8 interest, in the first year of the program's inception, remains  
9 in the deposit beverage container deposit special fund. This  
10 surplus, in addition to the 1.0 cent deposit beverage container  
11 fee, should be used to make the program self-sustaining, without  
12 increasing the fee at high redemption rates.

13 The purpose of this Act is to authorize the department of  
14 health to use the surplus in the deposit beverage container  
15 deposit special fund, which includes fees from non-redeemed  
16 deposit beverage containers, a fixed 1.0 cent deposit beverage  
17 container fee on each deposit beverage container, and accrued  
18 interest, to make the deposit beverage container program self-  
19 sustaining.

20 SECTION 2. Chapter 342G, Hawaii Revised Statutes, is  
21 amended by adding a new section to be appropriately designated  
22 and to read as follows:



1            "§342G-     Self-sustaining deposit beverage container  
2 program.   Beginning August 1, 2007, the deposit beverage  
3 container program shall be self-sustained through a fixed 1.0  
4 cent deposit beverage container fee pursuant to section 342G-102  
5 and the surplus accumulated in the deposit beverage container  
6 deposit special fund pursuant to section 342G-104 of non-  
7 redeemed deposit beverage containers."

8            SECTION 3.   Section 342G-102, Hawaii Revised Statutes, is  
9 amended to read as follows:

10            **"§342G-102   Deposit beverage container fee.   (a)**  
11 [~~Beginning on October 1, 2002, every~~ Every deposit beverage  
12 distributor shall pay to the department a deposit beverage  
13 container fee on each polyethylene terephthalate, high density  
14 polyethylene, or metal deposit beverage container manufactured  
15 in or imported into the State. [~~The fee shall be imposed only~~  
16 ~~once on the same deposit beverage container. The fee shall be~~  
17 ~~0.5 cents per deposit beverage container.~~

18            ~~(b) Beginning on October 1, 2004, every deposit beverage~~  
19 ~~distributor shall pay to the department a deposit beverage~~  
20 ~~container fee on each deposit beverage container manufactured in~~  
21 ~~or imported into the State.]   The deposit beverage container fee~~  
22 shall not apply to deposit beverage containers exported for sale



1 outside of the State. The fee shall be imposed only once on the  
2 same deposit beverage container. The fee shall be 1 cent per  
3 deposit beverage container.

4 ~~[(e)]~~ (b) No county shall impose or collect any assessment  
5 or fee on deposit beverage containers for the same or similar  
6 purpose that is the subject of this chapter.

7 ~~[(d) Beginning January 1, 2005, and every August 1~~  
8 ~~thereafter, the department shall notify deposit beverage~~  
9 ~~distributors in writing of the amount of the deposit beverage~~  
10 ~~container fee. The effective date of changes to the fee amount~~  
11 ~~shall be September 1. The fee shall be based on the redemption~~  
12 ~~rate calculated annually based on the redemption rate~~  
13 ~~information submitted to the department for the previous period~~  
14 ~~of July 1 through June 30. The fee amount shall be as follows:~~

15 ~~(1) If the redemption rate is seventy per cent or less: 1~~  
16 ~~cent per container; and~~  
17 ~~(2) If the redemption rate is greater than seventy per~~  
18 ~~cent: 1.5 cents per container.] "~~

19 SECTION 4. Section 342G-104, Hawaii Revised Statutes, is  
20 amended by amending subsection (b) to read as follows:

21 "(b) Moneys in the deposit beverage container deposit  
22 special fund shall be used to reimburse refund values, pay



1 handling fees to redemption centers, fund the reverse vending  
2 machine rebate program under section 342G-102.5, [~~and~~] fund the  
3 redemption center and recycling infrastructure improvement  
4 program established pursuant to section 342G-114.5[-], and pay  
5 any fees necessary to make the deposit beverage container  
6 program self-sustaining. The department may also use the money  
7 to:

- 8 (1) Fund administrative, audit, and compliance activities  
9 associated with collection and payment of the deposits  
10 and handling fees of the deposit beverage container  
11 program;
- 12 (2) Conduct recycling education and demonstration  
13 projects;
- 14 (3) Promote recyclable market development activities;
- 15 (4) Support the handling and transportation of the deposit  
16 beverage containers to end-markets;
- 17 (5) Hire personnel to oversee the implementation of the  
18 deposit beverage container program, including  
19 permitting and enforcement activities; and
- 20 (6) Fund associated office expenses."

21 SECTION 5. Statutory material to be repealed is bracketed  
22 and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect on July 1, 2007.

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**Report Title:**

Deposit Beverage Container Program; Fee; Self-Sustaining

**Description:**

Authorizes the department of health to use the surplus in the deposit beverage container deposit special fund, which includes fees from non-redeemed deposit beverage containers, a fixed 1 cent deposit beverage container fee on each deposit beverage container, and accrued interest, to make the deposit beverage container program self-sustaining.

