



DEPARTMENT OF HEALTH

News Release

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BEVERAGE CONTAINER RECYCLING REDEMPTION RATES

HONOLULU – The Hawaii State Department of Health today announced that the Deposit Beverage Container Program helped recycle 45.9 million beverage containers during the month of March, providing a 61% redemption rate for that month. This number is based on reports received from recyclers and beverage distributors as of May 1, 2006. The numbers may change after late reports are received.

The redemption rates for selected periods are:

March 2006	61%
FY 2004-05 (July 1, 2004 to June 30, 2005):	41%
FY 2005-06 to date (July 1, 2005 to March 31, 2006):	71% *
Program to date (July 1, 2004 to March 31, 2006):	59%
Yearly Average (April 1, 2005 – March 31, 2006):	69%

Since deposits began to be charged in October 2004, through March 2006, 1.215 billion deposit beverage containers have been sold and over 711 million containers have been redeemed for recycling at redemption centers, which opened January 1, 2005.

* If the redemption rate for the entire fiscal year (7-1-05 to 6-30-06) exceeds 70%, the law requires the container fee to increase from 1¢ to 1.5¢ per container as stated in HRS 342G-102(d). State law requires the department to notify distributors on August 1, and makes any fee change effective September 1. The department does not have discretion on whether to raise the fee. A fact sheet with background on the law is attached.

For more information on the State's Deposit Beverage Container Program visit www.hawaii.gov/health or www.hi5deposit.com.

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HRS 342G-102(d) states the following:

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

- (1) If the redemption rate is seventy per cent or less: 1 cent per container; and
- (2) If the redemption rate is greater than seventy per cent: 1.5 cents per container. [L 2002, c 176, pt of §2; am L 2004, c 241, §3]

- The Department of Health (DOH) will review and calculate the redemption rate as stated in law using the information for the period of July 1, 2005 to June 30, 2006. Currently the average redemption rate for this period (July 1 – March 31) is 72%.
- The fee increase is designed to collect enough funds so that the program can operate as designed. While the DOH collects 1¢ + 5¢ (6¢ total) when the container is sold, DOH pays out 5¢ + 2¢ or 3¢ (7¢ or 8¢ total) to the recycler. DOH pays out more per container than is actually collected.
- Recyclers use the handling fee to cover the costs of collecting, processing, and shipping the containers to end-market recycling mills. There are no current end-market recycling mills in the State of Hawaii other than glass used for construction type purposes. DOH is examining the opportunities for this type of market development. When recyclers ship their containers they do receive a material value, however values for the different types of materials vary. Glass, according to many recyclers, is the most expensive material to work with because of its weight. Recyclers use the handling fees they collect from the State to cover the comprehensive cost of collecting all types of deposit beverage container material, as they are required to do per their certification.
- The program was designed for deposits on unredeemed containers to be used to cover operational costs. Although the program has a surplus at this time, it is possible for funds to be reduced to a negative balance over time if the container fee is not increased.
 - The program is designed to operate as a revolving fund.
 - It is estimated that if the redemption rate is consistently above 70%, and the container fee remains at 1¢, the program would eventually reach a time where it would not be able to sustain its operations. For instance, last February 2006 the program collected \$2.36 million in revenues but spent \$3.45 million in expenditures.
- DOH recognizes that there is a responsibility to protect the people as well as the program. The funds for the program are collected into a special fund which can only be used for deposit program related activities. Through legislation, some surplus funding is put back into the program to help redemption facilities become more convenient and more efficient. Surplus funding is also being used to develop educational training for site operators to better serve the public at redemption sites.