



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

July 11, 2007

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

Re: Senate Bill No. 1026 SD2 HD3 CD1

On July 10, 2007, Senate Bill No. 1026 entitled "A Bill for an Act Relating to Solid Waste" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

The purpose of this bill is to make 2-liter bottles subject to the deposit beverage container law, authorizes the Director of Health to suspend a statutory provision which requires the automatic increase of the non-refundable deposit beverage container fee, and requires redemption centers in high density areas to remain open 30 hours per week, of which at least 5 hours must be on Saturday or Sunday.

This bill is similar to a bill that I vetoed last year that would have included 2-liter bottles under the beverage container program. I vetoed this prior bill because 2-liter bottles are difficult to recycle and would have had little impact on beach or roadside litter. The prior bill did not provide for a phased implementation date to give manufacturers and retailers sufficient time to implement the new law and inclusion of 2-liter bottles under the bottle law would have had a disproportionate impact on families.

This bill addresses one concern from last year by including a phase-in for manufacturers and distributors to label the 2-liter bottles with the "HI-5" designation between December 1, 2007 and March 1, 2008.

However, this bill will still have a disproportionate impact on families. Two-liter bottles are purchased more often by those seeking to buy in bulk to conserve funds and lower their grocery bills. Including larger size containers within the fee and deposit requirements of the beverage container program subjects these buyers to higher costs imposed by this program.

Two-liter bottles are more difficult to recycle. The reverse vending machines that are used in State are not built to redeem 2-liter bottles. While there may be reverse vending machines available, it is not assured that any redemption center will import these machines into

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the State. In addition, 2-liter bottles are bulkier and cannot be crushed if they are redeemed using machine technologies.

I remain concerned that the Legislature's continued detailed management of the deposit beverage container program may lead some companies to terminate their participation in the program. This bill mandates that redemption centers that are located in "high density" areas remain open 30 hours per week, of which at least 5 hours must be on Saturday or Sunday. Private businesses that are voluntarily operating as redemption centers in the deposit beverage container program have expressed concerns that this provision will force them to operate without adequate staff and expose them to liability if they are unable to remain open.

On balance, however, I feel that Hawaii families and other residents would suffer more harm if this bill does not become law. Currently, section 342G-102, Hawaii Revised Statutes, provides that if the redemption rate exceeds 70% for a particular fiscal year, then the non-refundable container fee will increase to 1.5 cents per container. This bill authorizes the Director of Health to temporarily suspend this automatic increase if, after consultation with the Auditor, it is determined that the Deposit Beverage Container Special Fund contains sufficient funds. This discretion is necessary to ensure that Hawaii residents do not have to pay more for the administration of the deposit beverage container program.

This year, I sought comprehensive amendments to the deposit beverage container program that would have eliminated the non-refundable container fee and would have allowed consumers to redeem their bottles at retailers. This approach would have eliminated the State's role in the administration of the program. It is unfortunate that the Legislature did not enact this proposed bill.

I remain convinced that the best way to protect our environment is through comprehensive curbside recycling programs of all recyclable products. Our experience with this deposit beverage container law has now borne out this conclusion. The program has collected more than \$50 million in fees and deposits over the past three years and yet it addresses only a small fraction, about 2%, of the waste in Hawaii. It would be more cost-effective to phase out this law and to use the accumulated funds to implement comprehensive curbside recycling programs.

Accordingly, for the foregoing reasons, I allowed Senate Bill No. 1026 to become law as Act 285, effective July 10, 2007, without my signature.

Sincerely,



LINDA LINGLE