



DEPARTMENT OF HEALTH

News Release

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GOVERNOR

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**BEVERAGE CONTAINER FEE INCREASES BY HALF CENT TO
CONTINUE SUCCESSFUL RECYCLING PROGRAM**

***Postponed for 4 consecutive years, increase will help keep HI-5
program in the black beyond 2014***

HONOLULU – The Hawai'i State Department of Health (DOH) today announced a half-cent increase of the deposit beverage container fee charged to manufacturers, distributors and importers of beverages in Hawai'i. After consideration of the fiscal year 2012 redemption rate of 77 percent and evaluation of the current deposit beverage special fund balance, the director of health has determined that the container fee will increase from 1 cent to 1 1/2 cents per container beginning September 1, 2012. Distributors registered with the state were sent a notification letter earlier this week.

"The half-cent fee increase was written into the bottle law from its inception to ensure the recycling program could sustain itself and continue to pay back deposits to consumers," said Health Director Loretta Fuddy. "We were able to hold off a fee increase for four years by using existing funds; however, the special fund is now too low to continue the program through 2014, and the current fee is not enough to build critical program reserves necessary to conduct essential operations."

State law requires the container fee to increase from one cent to 1 1/2 cents per container if the redemption rate exceeds 70 percent, unless the director of health, in consultation with the state auditor, determines that a fee increase is not needed. The statewide redemption rate from July 1, 2011, to June 30, 2012, remained strong at 77 percent; the rate for the previous year was 76 percent.

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A decision to postpone the fee increase was made in 2008, 2009, 2010 and 2011 based on the ability of the program to continue operations by drawing down existing reserve funds. Last year, the department announced an impending increase in the fee. This year, DOH determined the current fee structure and special fund balance would leave the HI-5 program underfunded in 2014 and unable to continue operations.

State law requires that the program determine the annual redemption rate by the first of August each year.

The change in the container fee to 1 1/2 cents is expected to result in an increase of approximately \$4.5 million in annual program revenues.

As a result of the fee increase imposed on beverage distributors, consumers will likely see the additional half-cent fee added to their retail purchases of HI-5 labeled containers beginning September 1. This means that the deposit plus container fee will increase to 6 1/2 cents – a 5 cent deposit to be returned to the consumer when the container is recycled and a non-refundable 1 1/2 cent container fee to cover administrative costs.

Because the law only requires beverage distributors pay the container fee to DOH, there is no specific guidance on how retailers may decide to pass on the fee to their customers. Retailers may choose to round-up or round-down the additional half-cent charge per container.

Since its inception, the HI-5 program has recycled more than 4.71 billion containers. In the last fiscal year, more than 690 million containers were recycled, helping to significantly reduce litter and conserve resources.

For more information on the state's Deposit Beverage Container Program, visit www.hi5deposit.com.

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