
SAMPLE PRESENTATION **Massachusetts Expanded Bottle Bill**

Jennifer Gitlitz made the following presentation in 2003, to persuade the Massachusetts legislature to adopt an expanded beverage container deposit law.

Testimony before the Joint Energy Committee

by Jennifer Gitlitz
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Good morning. My name is Jenny Gitlitz, I am the Research Director for the Container Recycling Institute (CRI). CRI is a non-profit, 501(c)3 organization with headquarters in Arlington, Virginia and an office in Dalton, Massachusetts, where I live.

For over a decade, CRI has served as the only national clearinghouse for information on beverage container sales, recycling and wasting in the United States. I am here to voice our support for Senator Nuciforo's Expanded Bottle Bill. I will also speak briefly about our opposition to House Bill 2953--an act which would repeal the bottle bill, and to House Bill 336, a measure which would jeopardize an important segment of the recycling infrastructure in Massachusetts: reverse vending machines.

This year marks the 20 th anniversary of the Massachusetts deposit law. The bottle bill has been a resounding success, achieving beverage container recycling rates of 70% and above-in contrast to rates of under 30% in most non-deposit states. Since its inception, the deposit system has kept over 25 billion beverage containers out of local landfills and incinerators--saving about 1.8 million tons of marketable aluminum, glass and plastics. This recycling has saved the energy equivalent of more than 9 million barrels of crude oil, and has allowed raw materials and container manufacturers to reduce their collective greenhouse gas emissions by 1.5 million tons.

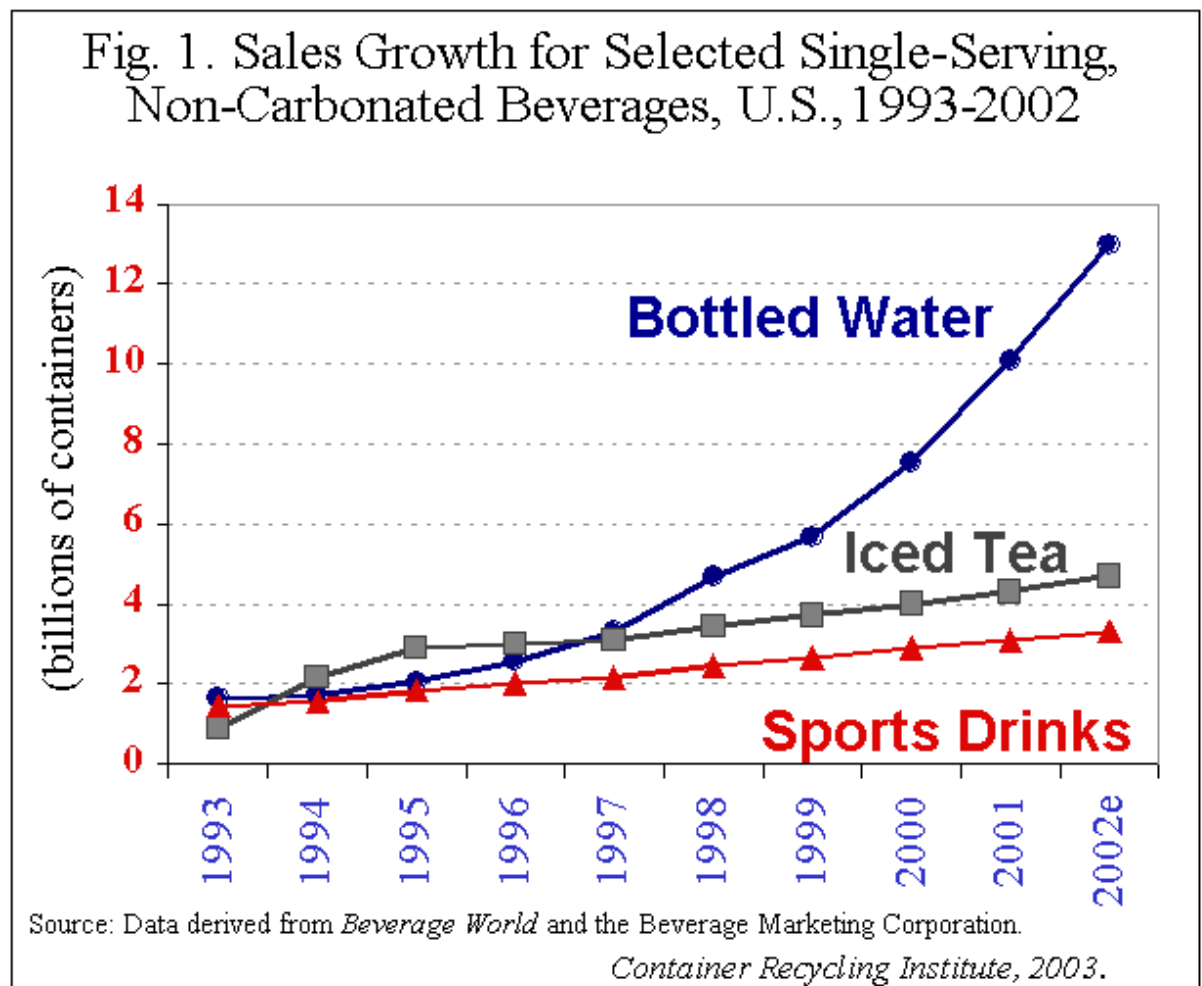
It has also prevented untold millions of bottles and cans from being littered on the state's roads and highways, parks and beaches. Senator Nuciforo's bill offers a unique opportunity to build on this success. It will:

- increase recycling and reduce the burden on landfills and incinerators,
- reduce litter and litter-related expenses,
- reduce the fiscal burden of curbside recycling collection on cities and towns,
- save energy and resources, and
- provide additional net revenue to the Commonwealth from unclaimed deposits: from the current \$35 million per year to about \$40 million per year--at no cost to taxpayers.

During this hearing, you will hear from beverage industry representatives and their paid consultants who will argue against expanding the bottle bill to include the estimated 600 million non-carbonated beverage containers now exempt from the 5-cent deposit. I welcome the opportunity to counter their claims, and to provide evidence that this bottle bill update is needed.

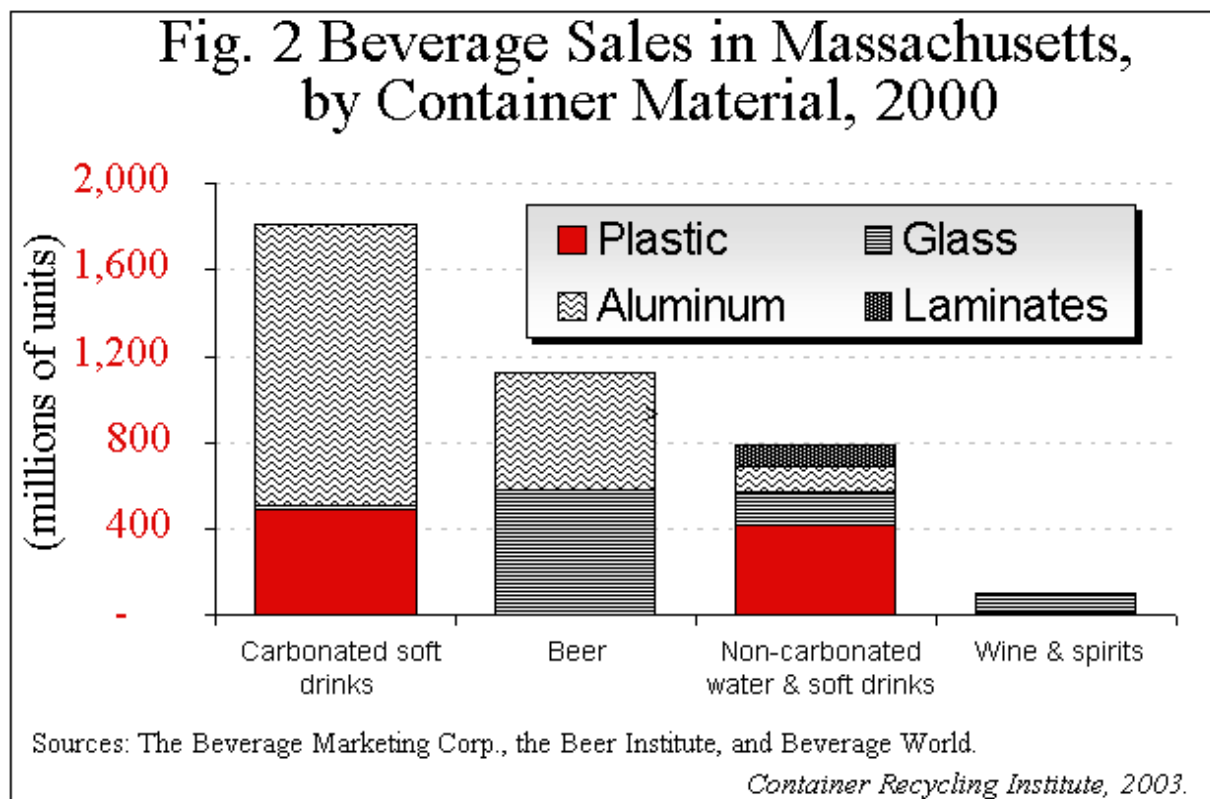
Why Expand the Bottle Bill to Non-Carbonated Containers?

When the Massachusetts bottle bill was enacted in 1983, non-carbonated beverages were virtually non-existent. During the 1990's, however, sales of so-called "new age" beverages (juices, sports drinks, ready-to-drink iced and herbal teas, and bottled water) skyrocketed across the country. An increasing percentage of these beverages are being sold as single servings. National sales of single-serving non-carbonated bottled water alone has grown from under 2 billion units in 1993 to an estimated 13 billion units in last year, as Figure 1 shows.



By the year 2000, ineligible, non-carbonated beverages accounted for 20% of national beverage sales. By next year, these non-fizzy drinks are expected to comprise more than a quarter of the market. In 2002, about 600 million ineligible containers were sold in Massachusetts, or about 100 bottles and cans for every man, woman and child in the Commonwealth. These "non-carbs" are projected to keep growing for the foreseeable future as consumers experience what the beverage industry calls "cola fatigue."

Non-carbonated water and other drinks are packaged largely in PET plastic bottles. As Figure 2 shows, the amount of water sold in plastic bottles has now almost caught up with the amount of soda sold in plastic bottles.

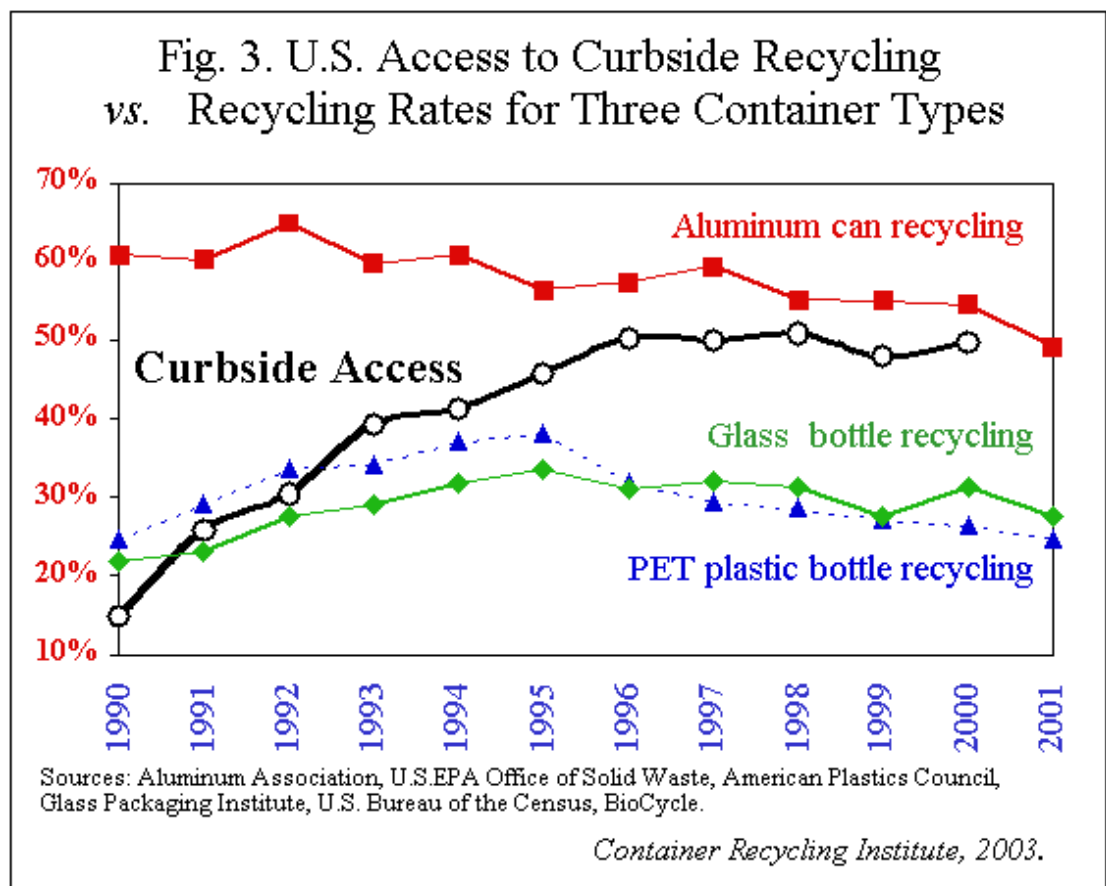


What is the difference between a bottle of Poland Springs carbonated water and a bottle of Poland Springs flat water? Fizz. What's the difference between a Minute Maid can of apple juice and a can of Coke purchased from the same vending machine? They both come from the same brand owner-Coca Cola-the same filling plant, the same distributor, and of course, the same vending machine. But one is flat, and one is fizzy. Fizziness should not determine public policy for Massachusetts.

Can't curbside recycling take care of these other containers? The beverage and retail industry lobbies argue that so-called "comprehensive" recycling programs can take care of these non-carbonated containers, and that deposit systems are "duplicative" of these residential recycling pickup programs. This argument has not held true at the national level, and it does not hold true in Massachusetts.

Curbside recycling cannot, and indeed has not, by itself done an adequate job of maintaining high recycling rates. Despite a tripling in curbside recycling access in the United States during the 1990's (from about 2,700 municipal collection programs to almost 10,000), recycling rates for all three major beverage container materials have declined, as Figure 3 on the next page shows. The aluminum can recycling rate has declined from a high of 65% in 1992 to 48.4% in 2002: the lowest point in 16 years. Glass and plastic bottle recycling now stand below 30%. Meanwhile, wasting has increased : an estimated 120 billion beverage containers were landfilled, incinerated or littered in 2002-up from 70 billion a decade ago.

Curbside recycling is failing to keep pace with increased beverage sales primarily due to an "immediate consumption" trend. Increasing numbers of beverages-especially bottled water, single serving juices, teas, and boutique beverages-are being purchased in vending machines or convenience stores for consumption in the car, at the office, in the park, at the beach, etc. Without a financial incentive for return, most consumers will not take these bottles and cans home to recycle in their curbside bins. By excluding these containers from the deposit law, we may be encouraging consumers to litter them along the roadside or on the beach-or at best to put them in the trash, in any case, failing to reap the environmental benefits of recycling.



Including "non-carbs" will eliminate consumer confusion about what to return. It would subject non-carbonated beverage producers to the same requirements now imposed upon soda and beer manufacturers, would increase recycling, and would reduce litter statewide.

Maine and California have already updated their container deposit laws to include the new category of beverages that most certainly would have been included had they existed when the bills were enacted. Hawaii's new deposit law, scheduled for implementation in January 2005, will include non-carbonated beverages, and New York, Connecticut, and Michigan are considering expansion proposals in their current legislative sessions. When Governor Romney proposed adding non-carbonated containers to the deposit law, he said, "We will work hard for the fair application of the bottle bill to all bottles. We aim to treat all bottles equally."

Expansion will benefit local government and taxpayers: Industry critics contend that that an expanded bottle bill would take scrap revenue away from municipal curbside programs. In fact, the converse is true. Adding these containers to the deposit system will relieve local curbside programs of an expensive burden. As Figure 2 showed, only 15% of the non-carbonated beverages are sold in aluminum cans: the only curbside material of significant value.

The remainder are single serving glass and plastic bottles. Nationwide, plastic beverage bottle waste has quadrupled in the last decade; from 7.6 billion bottles wasted in 1991 to 29.8 billion wasted in 2001. Similar trends exist in Massachusetts. Because they have a very low weight-to-volume ratio, PET bottles are expensive to collect in curbside programs. They also bring comparatively low revenues: in the neighborhood of \$25-30 per cubic yard collected-compared to about \$158 per cubic yard for cans. Glass is bulky, and when it is collected at curbside, it is mixed color, often contaminated, and of little-if any-value. It is commonly used as landfill cover, as "glasphalt," or as fill, and cities often have to pay to get rid of it, as Table 1 shows. More than 20 municipalities across the country dropped glass from their curbside recycling

programs in 2001-2002. New York City dropped glass *and* plastic from its curbside program last year, to great public outcry.

Were consumers to add non-carbonated plastic and glass bottles to the containers they are already bringing back to redeem, the burden on municipal curbside programs would be reduced because collection and processing volume would decline, and routes could be consolidated.

In Iowa, Vermont and Maine, wine and/or liquor bottles are also covered by deposits, for good reason. Glass is posing new problems to curbside recycling programs. Because of breakage, municipal programs often have to pay to have glass picked up, and some programs are forced to landfill glass or use it for landfill cover. Glass manufacturers will not buy mixed-color glass or glass contaminated with ceramics. Furthermore, as "single-stream" recycling grows, glass is creating a new problem for the newsprint industry. Broken glass contamination is so costly to paper mills that some are threatening to discontinue using recycled content.

Expanding the bottle bill will reduce litter: Industry critics will argue that a bottle bill expansion will "do nothing" to curb litter in the Commonwealth, but the evidence contradicts this assertion. The Center for Marine Conservation conducted litter surveys along 213 miles of Maine's shoreline, and found that bottle and can litter on Maine beaches dropped 30% within a

Container type (crushed)	lbs per cubic yard	cubic yards per ton	Revenue per ton	Revenue per cubic yard
Glass bottles	2,182	0.9	\$ (10)	\$ (11)
Aluminum cans	316	6.3	\$ 1,000	\$ 158
PET plastic bottles	270	7.4	\$ 200	\$ 27

year after the bottle bill was expanded to include non-carbonated beverage containers. Last year, the New York group Scenic

Hudson found that 61% of the container litter collected in its annual Great River Sweep consisted of non-carbonated, non-deposit containers, even though they comprise only 22% of total beverage sales in New York. In Massachusetts, a series of recent river clean-ups have shown that non-deposit containers make up a disproportionate amount of litter. For example, a random sample of trash collected by volunteers at an April 12 th cleanup of the Charles River in Boston contained 431 non-returnable beverage containers and only 96 returnable (deposit) containers-a ratio of 4.5 to 1. According to Russ Cohen of Mass Riverways, who helped organize the clean-up, similar results have been found throughout the state. "Since there are currently at least three deposit containers sold for every one non-deposit container sold in Massachusetts," Cohen has written, "it is over twelve times more likely that a non-deposit container will end up littering our waterways than will a deposit container."

Adding these non-carbonated containers to the deposit system *will* reduce litter in Massachusetts, helping to maintain the beauty of our state's parks, streams and roadways.

Expanding the bottle bill will reduce energy consumption and pollution: In the year 2002 alone, the 104,000 tons of deposit containers recycled saved the energy equivalent of 540,000 barrels of crude oil, and reduced greenhouse gas emissions by about 80,000 tons. If non-carbonated containers are added to the deposit system, and if the redemption rate holds constant at approximately 70%, these benefits would increase by about 15%.

This bill also provides for a handling fee increase which is long overdue. Since 1990, distributors have paid retailers and redemption centers 2.25 cents for each container redeemed-

or a total of \$32.5 million in 2002. This handling fee is not sufficient to meet the increasing

expenses of labor and transportation. A handling fee increase has been recommended in DEP-commissioned studies going back to at least 1998.

This bill calls for a two-tier handling fee increase: from the current 2.25¢ to 2.5¢ per unit picked up by distributors and 3¢ per unit delivered. Using data provided by the DEP, CRI has estimated that such an increase will provide retailers and redemption centers with approximately \$9 million in additional handling fee revenue per year--at no cost to taxpayers. By contrast, the FY 04 Conference Committee budget contains \$1.375 million in grants to redemption centers, to be deducted from a total recycling budget of only \$3.3 million, which itself has been radically cut from \$8.8 million in FY 2004, of which \$5.3 million was actually spent on recycling.

The handling fee increase in the Nuciforo bill would provide efficient, timely and equitable relief for redemption centers and retailers, and would relieve the DEP of a costly and administratively burdensome grant program: one that has cost the Commonwealth over \$4.5 million. The \$1.375 million would be better spent supporting municipal recycling programs.

Finally, this bill gives distributors a financial incentive to maximize their collection of redeemed containers though a reimbursement mechanism of \$0.004 per container redeemed. We estimate that this will generate about \$7.6 million in reimbursements to the industry, while still netting the Commonwealth \$5.7 million in additional unclaimed deposit revenue, above the current level of \$35 million, for an estimated total of \$40.6 million per year--although, we must remember, this was not the original impetus for the bottle bill.

By updating the bottle bill this year, Massachusetts can re-establish itself as a national leader in recycling, can reduce the fiscal and environmental burdens of littering and wasting, and can put the responsibility for funding recycling squarely on the producer instead of the taxpayer.

Now I would like to briefly address two other bills: House 2953 and House 336.

House Bill 2953: The Container Recycling Institute is opposed to this bill. Although it contains many admirable programmatic goals, including market development research and the design of recycling programs in large public facilities and spaces, this bill's simultaneous repeal of the existing deposit law is misguided.

Nothing can prevent litter as effectively as the financial incentive provided by deposits: not a voluntary program, not a public-private partnership, and not piecemeal litter clean-up programs.

This repeal effort is supported by the beverage and grocery industries, who often call the bottle bill "outdated," and "a 1970's solution to a 1970's problem," but the truth is, the 10 bottle bills enacted between 1970 and 1986 were ahead of their time. They were visionary; early examples of Extended Producer Responsibility (EPR) or Product Stewardship initiatives-- which are really just fancy names for the concept of manufacturers taking financial responsibility for the end-of-life environmental consequences of the products they sell. EPR policy initiatives have spread throughout Europe and are increasingly catching on in the United States.

Whether the topic is recycling, health care, or education--many laws that have been around for 3 decades need to be modernized, not thrown out like the proverbial baby with the bathwater.

House Bill 2953 calls on the beverage and retail industries to make a one-time-only contribution of about \$5.6 million into the Clean Environment Fund, which was just dissolved in the budget. The array of programs that this money is supposed to fund, however--through the CEF or the General Fund--is more ambitious than the DEP's current agenda, and they are an established agency with a recycling budget of \$8.8 million in FY 2003. This bill does not

provide for continuing recycling funding beyond 2006-even if the CEF is reinstated. How will recycling programs be financed across the Commonwealth without on-going resources being put into the CEF or its budgetary equivalent? It is unrealistic to expect that within a year's time, municipalities and private businesses across the state will voluntarily allocate the equivalent of \$6 million or more to develop and implement a range of recycling programs, and will *maintain* that level of funding, as property taxes are raised, mental health budgets are slashed, and public school students lose their arts, music and sports programs. It is a pipe dream.

A truly comprehensive statewide recycling infrastructure has multiple, complementary programs: a beverage container deposit system, curbside recycling, office paper recycling, and a host of commercial programs. Gutting the deposit system and levying a one-time lump-sum assessment on the beverage and retail industries will not achieve a lasting, broad array of recycling programs in Massachusetts. A wiser approach would be to convince the legislature to *preserve* the Clean Environment Fund-which currently gets about \$35 million annually in escheated unclaimed deposits and would get an additional \$5.7 million under the proposed update-and then to actually *appropriate* this money for recycling and market development.

The existing bottle bill is a system that works. It successfully recycles almost 70% of all eligible beverage containers in Massachusetts, at no cost to taxpayers, while generating more than \$35 million in revenues annually. Dismantling this system in favor of an untested, inadequately funded, patchwork approach to recycling would be folly.

House Bill 336: We are also opposed to House 336, which would require reverse vending machines (RVM's), to recognize the raised, printed, or stamped deposit indicia on bottle labels and aluminum can lids, and to reject containers without these indicia.

Although this bill is ostensibly designed to prevent fraudulent redemption, it only addresses a portion of the fraudulent redemption occurring in Massachusetts-that related to the redemption of out-of-state deposit containers redeemed through reverse vending machines. It does not address fraud that can occur through manual redemption, including fraudulent interstate redemption, and the redemption of non-deposit beverages sold in Massachusetts. It also does not address other types of fraud, such as double redemption, or intentional miscounting on the part of the consumer/redeemer or the distributor.

Because the technology for electronically, and *reliably*, reading a variety of non-standardized indicia does not yet exist, this bill would require a major R&D effort, and an expensive retrofitting of 2,250 reverse vending machines already in use throughout Massachusetts. A draft study commissioned by the Department of Environmental Protection and carried out by DSM consultants has concluded that the costs of such a re-tooling might exceed the potential benefits.

An alternative to requiring RVM's to read indicia is to require bottlers and distributors to use an add-on bar code, or deposit code, identifying where each brand was sold. The bar code is the universally accepted, standardized method of product identification. Such a code on all deposit containers would enable RVM's to distinguish between beverages sold in state and out of state, and also between eligible and non-eligible beverages. Distributors and bottlers argue that such a system would require them to keep dual inventories and would require a redesign of their distribution system, and that is true. However, since the beverage and grocery industries routinely lobby against the introduction of a bottle bill in New Hampshire, and against the expansion of the Massachusetts bottle bill to include non-carbonated beverages-they have, to a large extent, created their own problem. They should, therefore, be responsible for solving it.

And they can do so economically. Coke and Pepsi bottlers have been successfully using such deposit codes on their major brands in New York State for several years.

Reverse vending machines play an important role in the redemption of deposit containers in Massachusetts. They are responsible for handling an estimated 36% of all the containers redeemed: or over half a billion bottles and cans in 2002. They also reduce handling costs for retailers by eliminating the need for manual labor and using less floor space. It would be unacceptable to lose the service they provide by imposing financially onerous requirements on both RVM manufacturers and Massachusetts' retailers, and by discouraging bottlers and distributors from adopting the universally- accepted method of product identification: the UPC bar code.

The Container Recycling Institute believes any attempt to address fraud should not be legislated at this time, but should be studied carefully with the participation of all stakeholders, including the State.

Thank you for allowing me to address these important issues today.