Coca-Cola Company on Bottle Bills

The following came from Coca-Cola Company's website, on their page of frequently asked questions (http://www2.coca-cola.com/contactus/faq/environment.html#2).

What is The Coca-Cola Company's position on deposit legislation?

Nine states have adopted laws mandating that soft drinks, beer and other carbonated beverages carry a refundable deposit. The last such law was passed in New York in 1982. A tenth state, California, has a related law establishing a redemption value on carbonated beverage containers. Most of these laws were passed in the 1970s in response to concerns about litter from discarded beverage containers.

In the 1980s, many states passed broader solid waste management laws, seeking to promote the diversion of recyclable and reusable material from the waste stream. After this more comprehensive approach to solid waste management became widespread, no state has adopted a Forced Deposit bill.

Deposit laws require that beverage bottlers and distributors charge a refundable deposit on beverage containers. Retailers pay the deposit to the bottler or distributor and, in turn, collect a deposit from consumers. When consumers return empty beverage containers, they receive a refund from the retailer or other redemption operation. Finally, the bottler or distributor reimburses the retailer for deposit refunds paid to the consumer.

In many of these states, returned beverage containers are counted, sorted and stored at the retail or redemption location. Because bottling and distribution companies refund deposits only for containers they sell, empty containers also must be counted and sorted by company. The company typically arranges for its containers to be picked up, transported and processed for sale as scrap material; the company may perform any or all of these services itself, or it may contract them out to a third party.

SOFT-DRINK INDUSTRY POSITION

Implementing a deposit/return system has a profound impact on bottlers' operations and on their customers:

HIGH OPERATING COSTS. Developing the capability to handle and process empty beverage containers requires significant capital investment as well as substantial labor expenses and operating costs.

CAPITAL EQUIPMENT. Bottlers must invest in additional warehouse space to store, sort and process material and must purchase and install equipment such as conveyors, balers and crushers. Because delivery vehicle space must be set aside for empty containers, more delivery trucks are required to ship the same amount of product. In addition, bottlers may purchase new vehicles dedicated to hauling empty containers.

LABOR. Bottlers must also hire additional route drivers. Since drivers may spend 20 percent of their time handling empties, more drivers are necessary to maintain the current level of service for customers. Additional labor is required to sort and handle empty containers at warehouses, to operate processing equipment, and to perform auditing and oversight functions including the initiation and refund of deposits.

SUBSIDIES. In some Forced Deposit bill states, bottlers also are required to pay a surcharge to retailers or other redemption operations for each container returned. These "handling fees" are meant to offset costs incurred by the retailer or redemption center.

CUSTOMER INCONVENIENCE. Forced Deposit bills also impose significant burdens on retailers and consumers. Retailers must designate space and staff to count, sort and store empty bottles and cans. This may mean acquiring new equipment, adding space onto stores, redesigning existing space, hiring new staff and incurring extra costs for sanitation and insect and rodent control. Consumers must separate deposit containers from their existing recyclables and bring the bottles and cans with them to the store, rather than leaving them with other recyclables at the curb or taking them to a drop-off location for recycling.

KEY FACTS. Deposit-refund programs run counter to the comprehensive solid waste programs advocated by the soft-drink industry. Establishing a duplicate recycling system for beverage containers alongside existing community recycling programs is an economic and a strategic mistake. A deposit-refund system is a much less efficient way to handle recyclables than a comprehensive recycling program accepting many materials. The cost per ton of material recycled is typically three times higher in a deposit system than in a comprehensive curbside program. Further, a deposit system pulls the most valuable material (aluminum, glass and plastics) out of the community program, adversely affecting the economics of the existing system. From a strategic standpoint, deposits divert attention from the existing curbside or drop-off program by subdividing the recyclable stream and focusing disproportionate attention on containers that account for less than three percent of the waste stream.

With regard to litter control, deposit laws are poor substitutes for comprehensive litter control programs. Broader programs provide a more efficient and effective mechanism for controlling all litter, not just the small fraction accounted for by beverage containers. In the end, comprehensive solutions to recycling and litter control promise much greater efficiency and effectiveness than deposits. Forced Deposit bills create an expensive, cumbersome system to manage a very small portion of the total waste stream. Forced Deposit bills also hurt existing recycling systems by diverting the most valuable commodities.