



### **Written Testimony of Mitchell Klein**

The following is my testimony in Opposition to HB No. 6033 An Act Concerning the Inclusion of Juices, Teas and Sports Drinks under CT's Bottle Bill.

Good Afternoon Senator Kennedy and Representative Albis and members of the Environment Committee. My name is Mitchell Klein – Vice President of Government Relations for Krasdale Foods, located in New York. We have been in business now for 107 years and are owned and operated by the third generation of the founding family. As a wholesaler, we currently service almost 300 independent grocery stores and supermarkets in the state of CT. My following testimony (on behalf of our retailers) is in opposition to HB No. 6033- An Act Concerning the Inclusion of Juices, Teas, and Sports Drinks under Connecticut's Bottle Bill.

### **The Bill vs. the Environment**

This bill does not address the environmental issue of litter. I strongly question when you last saw a 64 oz. can of juice by the road side as you traveled. I am certain though that at almost every single traffic light you will find discarded coffee cups, fast food sandwich wrappers and newspapers. Yet for some strange reason this blight will not be addressed by the proposed bill.

To properly address the environment, a bill needs to be developed that takes into consideration the structures we have in place, business and impact on the consumer.

This proposal does not address litter; it addresses income to the state.

Consideration should be given for the way in which New Jersey handles litter control. It addresses everything that could enter the waste stream, passes the cost over all involved, resulting in a clean state with minimal cost to the consumer.

Constantly attacking the supermarket on these issues is wrong. We have the most efficient and least expensive (to the consumer) food delivery system in the world. This will start to change if we collectively do not find a way to properly address these issues.

## **W.I.C.**

The State of Connecticut enters into a contractual arrangement with retailers who wish to become vendors in the W.I.C. program. Two provisions in the current contract are problematic in respect to this bill.

A W.I.C. recipient cannot be charged any fee for the products they receive through the W.I.C. program (this includes a deposit). How does the deposit then get collected?

The current contract establishes price ranges for which retail vendors are reimbursed for the products they distribute under the program. If a retailer inadvertently over charges for any of these items the W.I.C. programs initiates a “bill back” and deducts the sum from the retailers account. If the bottle bill expansion were to go through prices would increase above the agreed upon reimbursement levels. This would then initiate additional “bill backs” from W.I.C. to the retailer, creating further expense.

## **RVM Issues**

Keep in mind that based upon all the stores that sell these beverages in CT, less than 2% of them, that we service, have reverse vending machines. Even if you have an RVM, these units will only accept cylindrical containers that are of a reasonable size and will rotate through the slot.

Since many beverage containers that you are suggesting now be included in the bottle bill, are now rectangular, you have established two bottle redemption procedures for those stores that do have RVM's.

## **Loss of Business to Border Stores**

There will be a significant impact on all stores that border nearby states. Since CT will have the most inclusive bottle bill in the northeast, consumers who can easily access a border state will. Stores in areas such as Danbury, N. Hartford, etc. will be losing significant sales. Consumers will look for alternatives to these increased costs and nearby Border States will provide this relief. This is exactly what happened to NY when they implemented the bottle bill and NY stores on the border of NJ and PA lost significant sales.

## **CT to Become a Garbage Magnet**

Another significant issue that needs to be considered is how you prevent consumers from bordering states bringing back product they purchased out of state to CT to get the .05 deposit. Right now there is a level playing field. Your Bill if passed, changes that.

We see a tremendous amount of NJ product constantly being redeemed in NY. The advocates will tell you that the RVM machine can be programmed to detect it. Keep in mind more than half the current stores in CT do not use RVM's.

### **Cost impact on consumers**

Manufacturers, whose bottles would be covered by the expanded bottle bill, will incur increased costs in tracking bottles, handling, having them picked up and returned, etc. Manufacturers that we addressed the issue with clearly indicated that if costs go up they will be passed along to the trade.

Wholesalers and distributors will pass this increase along to the retailer and the delivery fee they use will also further increase the adjusted cost from the manufacturer.

Once received at Retail, the cost for this product will again be adjusted up by the retailer to cover the increase and also cover the additional handling the store will now be subjected to.

Consumers saw an almost doubling cost in a 24 pack of water when it was added to the bottle bill.

### **Sanitation**

The current recycling bottle law which supermarkets must operate under is not only onerous but subjects the retail food supply to contamination. Any increase of bottles or cans that would become part of an expanded bottle bill, will be virtually impossible for this retailer to handle not to mention the further increasing risk of contaminating the food supply.

Recycling should be done through a professional recycling source and not through the supermarket.

Yes the supermarket, indeed does sell these items, but that does not mean that another alternative can't be found to return these products.

Independent stores in CT are extremely tight for space and have small storage areas. Space and rent are at a premium wherever you go.

Most stores do not use RVM machines. Most stores merely collect bottles and use a system known as "sortafter", which is offered, by only one company.

Bottle return revenue has moved from being a convenience for the consumer, to a profitable business for the "bottle entrepreneur".

Our stores never had a problem in redeeming the six pack of soda a family bought in one of our stores the prior week.

However today, when we open, we are not faced with the consumer redeeming last week's six pack but a long line of individuals, toting black garbage bags with the maximum count permissible at one drop.

These individuals have carefully culled the parks, trashcans, etc. to find any resemblance of a redeemable bottle and placed it in their bag.

The store is now open for business, customers are coming in and by law you are doing your best to accommodate bottle returns. Stores in many cases do not have separate areas to reconcile these bottles. The store can choose to empty the bag contents out by the register to check the contents (which usually includes more than bottles or cans).

Please remember space is a premium, so this bag of returned cans and bottles, in almost every store, is placed in the basement and in almost every case right next to their stored inventory, which works its way to the retail shelves upstairs during the week. This is the product local residents will eventually purchase.

Let's examine, what exactly is in these 55 gallon black trash bags. Again this is not a consumer who is redeeming last week's six pack of soda and has carefully washed out the contents of each can.

The bottle entrepreneur knows which parks have events, which dumpsters have the greatest yield and what trash location is apt to pick up the highest volume of consumer discarded, cans or bottles.

As the units are secured, they are not washed just placed in the bag. All beverage bottles always have a small amount of liquid remaining. Whether it is sugar water or malt beverage, they are magnets for insects and rodents.

Bottles and cans which are left in a park or garbage overnight, can easily be inhabited by the time they are picked up by the bottle entrepreneur.

Stores for the most part have these bags picked up twice a month. Many stores have over 50 of these bags in their basement at any given time waiting for service.

Now you have (especially in the summer) a very warm dark basement, which is storing bags with thousands of cans and bottles, which still contain small amounts of their contents. If these bags have not come in with insects and rodents you couldn't find a better lure to attract them. Remember, at the same time this is being stored directly next to the fresh inventory which will be offered to you the consumer later in the week.

These stores can be holding 50+ of these bags at any given time, co-mingled with their fresh inventory! Would your spouse allow you to place just one of these bags in your food pantry for the night?

It has been commented that the stores do get compensated for this service, by a handling fee. Stores that use the "sortafter" service in most cases relinquish the handling fee (or at least half). However, once those 55 gallon bags are opened and sorted, the retailer loses additional money when, unauthorized private label product, non redeemable, "Out of State" cans, damaged, etc,

cans and bottle are found. This translates to many lost deposits. So the retailer stands a reasonable chance to not only receive no handling fee but lose the .05 deposit he returned, as well.

The bottom line is that the retailer for the most part does not even breakeven on bottle returns. If you calculate the expense for store sanitation, to reduce insects and rodents as well as the damaged and lost inventory from their activity, this is a losing proposition.

Supermarkets in CT are the one group that has earnestly tried to fulfill their obligation to this law. Have you ever tried to return cans and bottles to the mass merchandise stores (that sell these items), drug chainstores, etc.?

You may be surprised if you do. To our knowledge, no one other than the supermarket has been forced to redeem. Nor are we aware of any type of disciplinary action being taken against those who do not redeem even though they are required to do so.

This Bill while on paper may look as a positive step for the residents of CT and the environment it is exactly the opposite.

It may address revenue to the state but falls far short on addressing the environmental issue. It will increase cost the consumers, reduce business revenue for border states and make the state less attractive to business.

We respectfully request that the state consider other proposals that will address the real issues of the environment and provide benefits to all stakeholders as opposed to the negative ones that this bill brings with it.

If you have questions, I can be reached at 914-697-5361 or [mklein@krasdalefoods.com](mailto:mklein@krasdalefoods.com).

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