Environment Committee
JOINT FAVORABLE REPORT

Bill No.: HB-7294
Title: AN ACT CONCERNING BOTTLE REDEMPTION IN THE STATE.
Vote Date: 3/18/2019
Vote Action: Joint Favorable Substitute
PH Date: 3/11/2019
File No.: 561

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SPONSORS OF BILL:

Environment Committee
Rep. David Michel, 146th Dist.
Rep. Peter A. Tercyak, 26th Dist.

REASONS FOR BILL:

Connecticut has not changed the bottle handling fee per container in over thirty years remaining at 1.5 cents for beer and other malt beverages, and 2 cents for soda and other beverages covered under the state's current bottle recycling program. This compensation is out of date and does not cover the cost of redemption. The absence of any increase in the handling fee has puts many redemption centers out of business over the last several years, and may put more redemption centers out of business in the future. Furthermore, distributors share concerns about increasing the handling fee because unclaimed deposits are paid by the distributors to the state and deposited in the General Fund. At the same time, the state of Connecticut continues to expand recycling goals of the state. The bill seeks to expand the states recycling goals by (1) expanding the bottle redemption program to include certain juice, teas, sports drinks, and energy drinks, and (2) increasing bottle deposits from 5 cents to 10 cents. Additionally, to address the handling fee concerns shared by redemption centers, the bill increases the handling fee from 1.5 to 3.5 cents for beer and other malt beverages, and from 2 to 4.5 cents for soda and other beverages covered under the state’s bottle recycling program as amended by the bill. Finally, seeks to address concerns shared by distributors in years past in regards to increasing the handling fee, the bill allows distributors to keep 20% of the unclaimed deposits.
Substitute Language – LCO No. 6232
Local farms shared concerns with the Environment Committee in regards to their production of juices in small batches, and of the negative impact and burden the bill will have to their business. Substitute language addresses such concerns by exempting (1) manufacturers who bottles and sells, annually, less than 250,000 noncarbonated beverages that are twenty ounces or less, and (2) manufacturers who bottles and sells one hundred thousand gallons or less of juice in a calendar year from the state’s bottle recycling program.

RESPONSE FROM ADMINISTRATION/AGENCY:

Katie S. Dykes, Commissioner, Connecticut Department of Energy and Environment Protection (DEEP): Supports the bill. This bill is likely to increase the amount of materials that is recovered and recycled. According to data compiled by the Container Recycling Institute, Connecticut has the lowest redemption rate for any bottle bill state at approximately fifty percent bottles being redeemed. Successful bottle redemption programs, like the program operated in the state of Oregon, have a robust network of redemption centers for consumers to conveniently utilize. Although supportive of the bill, DEEP recommends support of the Governor’s budget proposal, Senate Bill 877 An Act Concerning Revenue Items to Implement the Governor’s Budget, that also includes wine and spirits to the state’s bottle recycling program. This inclusion is important because wine and spirits account for a large percentage of the glass containers entering the curbside recycling system. Management of this glass is costly and little of the material is successfully recycled. The Governor’s budget proposal also includes “nip” bottles, which are a common litter item.

NATURE AND SOURCES OF SUPPORT:

Keith B. Bishop, Co-Owner, Bishop’s Orchards Farm Market & Winery: Although supportive of the bill and pleased that wine bottles are not included, it is important to understand that “the scale of economy does not apply to Connecticut farm producers like it does to national and large-scale bottlers.” The bill should be amended to exclude juices made by Connecticut farms.

Lori Brown, Executive Director, Connecticut League of Conservation Voters: First implemented in 1980, Connecticut’s refundable container deposit program has proven to incentivize recycling and has kept communities and open space clean from litter. Between 2010 and 2016, the state has collected an average of $29.2 million annually from the program. However, redemption centers face rising costs to keep their doors open. In 2015 the state had twenty one redemption centers, today there are only sixteen.

Curt Bucey, Executive Vice President, Strategic Materials, Inc. (SMI): SMI is North America’s largest and most comprehensive glass recycler. “SMI’s recycling process depends on a steady stream of high-quality diverted glass from the bottle bill.” Furthermore, SMI strongly supports expanding the bill to include containers, such as wine and liquor bottles, that are not included in the current bill.

Louis Burch, Connecticut Program Director, Citizens Campaign for the Environment (CCE): According to the Container Recycling Institute, the state’s bottle bill saves taxpayers
roughly $2.3 million in avoided solid waste disposal costs annually. This amount could increase to $200,000 annually by adding non-carbonated beverages to the bottle recycling program. Modernizing Connecticut’s bottle bill is important because 46% of beverage containers recycled in the nation comes from the ten bottle bill states. According to the Connecticut Department of Energy and Environmental Protection, the state’s bottle redemption rate has decreased due to components of the bottle bill that need to be addressed. Furthermore, glass continues to present a problem for municipal recyclers and should be included in the state’s bottle recycling program.

**Alice Charamut, River Steward, Connecticut River Conservancy:** Recycling rates for bottles and cans are more than twice as high in states with container deposits; states with the highest recycling rates have the most comprehensive bottle deposit laws. Although supportive of the bill, Connecticut’s bottle recycling program should include nip containers.

**Susan Collins, President, Container Recycling Institute (CRI):** CRI supports the bill, in part, for the following reasons: (1) the new beverage containers included in the bill amount to 315 million bottles and cans in the state, (2) the bill will help the state recover and recycle more glass, (3) other states have put deposits on non-carbonated beverages, and (4) increasing the deposit value will improve redemption rates in Connecticut. Although supportive of the bill, CRI recommends a uniform handling fee for all beverage types and shared concern in regard to the provision of the bill expanding the radius for redemption centers.

**Betsy Gara, Executive Director, Connecticut Council of Small Towns (COST):** This bill will help municipalities meet the goals of the Comprehensive materials management Strategy, which requires the diversion and recycling of at least 60% in the state by 2024.

**Riddhi Garala, Co-Owner, Bottle & Can Return:** Connecticut’s bottle bill has not been updated in 38 years. This outdated program has led to the closing of many redemption centers due to harsh financial burdens. An increase in the handling fee will allow redemption centers to create more jobs and implement new technologies.

**Donna Hamzy Carroccia, Advocacy Manager, Connecticut Conference of Municipalities (CCM):** Although supportive of the bill, CCM recommends incorporating wine and liquor bottles to the state’s bottle bill. The bill will increase recycling while also divert many of these containers from costly curbside trash and recycling collections.

**Jennifer Heaton-Jones, Executive Director, Housatonic Resources Recovery Authority (HRRA):** HRRA encourages the committee to include the Governor’s proposal to include wine and liquor bottles in this bill. Glass containers make up 20% in the mixed recycling stream, including more glass beverages into the program will shift the burden of managing materials from municipalities to consumers. Although distributors claim hardships for the cost of handling fees, such fees are distributed to the retailers. HRRA provides a picture of an invoice indicating a handling fee charge for the purchase of Poland Spring Water.

**Shahil Kantesaria, Central Connecticut Redemption:** Shared personal testimony as one of the few redemption centers remaining in the state. Other states, such as New York, Massachusetts, and Vermont have higher handling fees for their redemption centers.
Additionally, allowing distributors to keep a portion of the escheats will make the increased handling fee neutral to the state.

**Frederick P. Miers, President, Miers Limited, Inc.:** Although supportive of the bill, language should be amended to (1) change the effective date for the increased handling fee to July 1, 2019, and (2) specifically identify and include handling fee for each lemonade, iced tea, sports drinks and fruit juice containers.

**Chris Phelps, Connecticut State Director, Environment Connecticut:** While generally supportive of the bill, Environment Connecticut opposes the provision of the bill allowing distributors to retain a portion of the escheats. Public policy should place the burden on managing the harm caused by plastic containers to the producers of the product. Additionally, the unclaimed deposits should fund programs to reduce the overall generation of solid waste in the state.

**Chuck W. Riegle Jr., Senior Vice President of Governmental Affairs and Compliance, TOMRA North America:** TOMRA invented the Reverse Vending Machine used by retailers to collect deposited bottles. The state’s bottle bill program engages 1,272 jobs and adds $92 million to the local economy every year. However, the state’s program is not “living up to its potential,” and any amendments included to the bill should consider the following: (1) performance, (2) convenience, (3) accountability, and (4) efficiency.

The Environment Committee received approximately 65 testimonies supporting the bill explaining that (1) the bottle bill program’s handling fee for redemption centers have not been increased since the program was first introduced, (2) the bill will assist the state in achieving its recycling goals, and (3) the bill will be revenue neutral to the state. Additionally, certain testimonies also requested an amendment to include wine, liquor, and “nip” bottles to the state’s bottle recycling program.

**NATURE AND SOURCES OF OPPOSITION:**

**Lawrence F. Cafero Jr., Executive Director, Wine and Spirits Wholesalers of Connecticut (WSWC):** Connecticut is the only state with a bottle bill that does not allow distributors to keep unredeemed deposits. This money is essential to help wholesalers and distributors of the product offset their costs. WSWC shared specific examples of the negative impact the bill would have on the industry if expanded to include wine and liquors. Such impacts includes (1) cost of new trucks and equipment, (2) cost of expanding and upgrading facilities to accommodate collection and sorting of empty containers, (3) cost of labor for individually labeling international bottles, and (4) cost to the environment through increased carbon footprint. WSWC testimony also includes supplemental materials showing the negative impacts to consumers and the industry.

**Connecticut Beer Wholesalers Association:** Connecticut should retain the current five cent deposit, reject expanding the bottle bill to include additional materials, and reallocate the current escheat money. In 2008 the state shifted the entire cost of the recycling program to Connecticut businesses. Distributors are facing the same hardships in the recycling business as any other material recovery facilities and are required to collect empty containers from
retailers, and must also reimburse retailers and redemption centers for each container plus
the handling fee. Additionally, in 2011 a reverse vending provider handling the return of
deposit containers at supermarkets began requiring beeper distributors to pay twenty two
cents a case to pick up bottles and cans.

**Bree Dietly, Principal, Northbridge Environmental Management Consultants:** Shared
testimony representing the American Beverage Association and its members. This bill will
impose massive new costs on Connecticut businesses struggling to operate and expand.
These costs do not further the environmental costs of the state or goals members of the
American Beverage Association have committed, but are used cover subsidies. Additionally,
the bill will increase cost and handling problems for Connecticut stores and will harm local
recycling programs.

**Ross Holander, Chairman & CEO, Hartford Distributors Inc. (HDI):** HDI opposes the
bottle deposit increase and increase in the handling fee provisions of the bill. Doubling the
container deposit amount will negatively impact businesses near the states boarders. This bill
will push consumers to purchase beers in Rhode Island, Massachusetts and New York.

**Steve Changaris, Connecticut Chapter Director, National Waste and Recycling
Association:** Expanding the state’s bottle bill will remove recyclable products, mostly plastics
and containers, from the state’s recycling stream. These containers are essential to the
economic viability of the Connecticut recycling industry since the industry is able to market
these recyclables in the secondary market. This bill will cause harm to the curbside collection
hauling business and the recycling processors in the state.

**Wayne Pesce, President, Connecticut Food Association:** Grocery stores lose redeeming
bottles and cans. There is significant cost in renting redemption machines and from labor
hired to keep the bottle rooms clean. Additionally, the state’s 2009 expansion to include water
bottle in the deposit system was not a success for redeemers. By 2013, the total number of
containers redeemed in the state was actually 21 percent lower.

**Reported by:** Pamela Bianca / Ussawin R. Bumpen   4/10/2019