

February 26, 2014

The Honorable Robert M. Hartwell
 Chairman
 Senate Committee of Natural Resources and Energy
 Vermont State House, Room 8
 Montpelier, Vermont 05633-5301

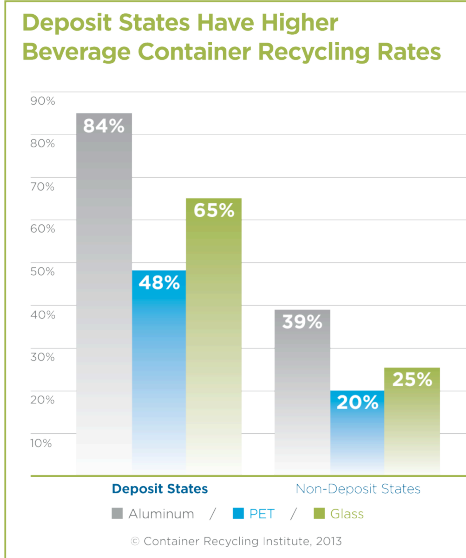
RE: Vermont S. 208 – testimony in opposition to portions of S. 208 (partial repeal of container deposit program)

Dear Chairman Hartwell,

I am writing from the Container Recycling Institute (CRI) to express our opposition to certain portions of Vermont S. 208, specifically those provisions which would repeal Vermont’s container deposit on liquor containers and all beverage containers greater than one liter in size.

Liquor containers are currently recovered at a 76.4% rate

Vermont’s deposit return program currently covers all beer, malt, carbonated soft drinks, mixed wine drinks; and liquor containers. Thanks to the economic incentive of a 5 or 15-cent refund, Vermont has enjoyed robust rates of return on beverage containers, resulting in positive environmental and economic impacts. In 2011, *nearly three million* (2,860,458) liquor bottles (excludes beer) were recovered in Vermont for a 76.4% rate of return, this includes 2,574,412 glass liquor containers (a 80.9% return rate) and 286,046 PET liquor containers (a 50.9% return rate). In contrast, states without container deposit laws have a beverage container recycling rate of only 30%, on average.



Minimal Cost to Vermont’s Department of Liquor Control

A repeal of the deposit on liquor containers would not result in any significant savings for Vermont’s Department of Liquor Control. The Department generates \$65 million in sales annually, and remitted \$20.5 million to the state general fund in 2012, according to its Annual Report. The container deposit program has a net annual cost of only \$190,000, which is *less than one-third of one percent of annual revenues*. The existing program successfully recycles 1,374 tons per year at a modest cost of only \$138 per ton.

Beverage Container Deposit Program is Consistent with Vermont’s Existing EPR Policies

Vermont has embraced the policy of Extended Producer Responsibility (EPR), and has enacted EPR laws that address fluorescent lamps, thermostats, batteries, automobile switches, paint and beverage containers. In the case of liquor, the responsible party, the “producer” in Extended Producer Responsibility, is the State of Vermont Department of Liquor Control. The current system incorporates the full cost of responsible end-of-life management of packaging materials directly into the purchase price of liquor, rather than relying on taxpayers and ratepayers to subsidize packaging collection and recycling. With the current law in place, the State of Vermont is embracing its own responsibility as the producer for the end-of-life management of packaging materials. Given that the State of Vermont mandates various industries to embrace their responsibilities for their products, it

stands to reason that the State would also take responsibility when it is the producer. A similar bill was proposed in Maine in 2011 (to remove wine bottles from that state's program) and was unanimously rejected by the committee.

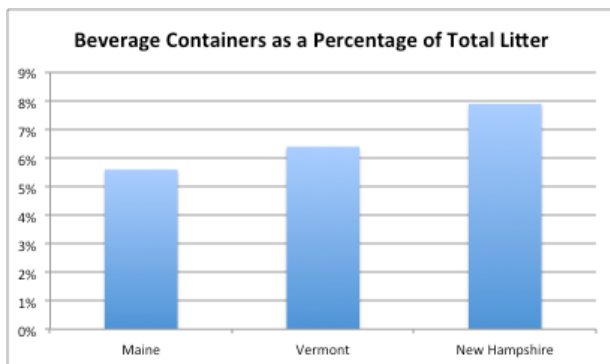
Ontario Canada ADDED Wine and Spirits to their Deposit Law in 2007

Wine and liquor bottles were collected through curbside recycling programs in the Canadian Province of Ontario until 2007. In 2007, the provincial liquor agency voluntarily added a deposit to wine and liquor bottles. Since then, the recycling rate for these containers has increased from 63 % to 80.4%. Municipalities were a driving force in this change, because they wanted to get the glass containers out of curbside programs. After the switch to a deposit program, municipalities realized a cost savings from the reduced glass quantities in curbside programs. In particular, the City of Toronto documented a net savings of \$448,000 in 2007; and \$381,000 in 2008 due to a reduction in processing and disposal costs.¹

Glass containers should be kept in the deposit system and out of curbside recycling bins

If the deposit on liquor containers were repealed, it would result in the addition of glass containers to municipal curbside programs and disposal (landfill) bins, increasing costs for municipalities. The broken glass would contaminate other materials in the curbside program, decreasing monetary value, marketability, and recycling rates for those contaminated recyclables. Municipalities, responsible for a larger share of the costs of operating curbside programs, report cost savings from the reduction in container glass handling in their system. In fact, municipalities almost unilaterally call for deposit return on wine and spirit containers due to the high costs of managing these containers.

History shows us that by removing specific container types from Vermont's container deposit system, recycling rates would decline, and landfilling and littering rates will rise. Traditionally, mitigation of litter was a primary reason for the implementation of deposit return programs. Recent data from Hawaii, Canada and the Great Lakes confirms that container deposit laws reduce beverage container litter by half, on average. Increased litter would result in increased costs to the State and municipalities for litter collection and disposal.



Vermont and Maine have fewer littered beverage containers per mile of roadway than New Hampshire. As this table shows, beverage containers constitute a lower percentage of overall overall litter in Vermont and Maine than in New Hampshire. The raw data in the American Beverage Association's 2010 Northeast Litter Study all show that beverage containers are littered more in New Hampshire (with no container deposit law) than in Vermont and Maine, which both have container deposit laws.²

We urge you to amend Vermont S. 208 and leave the deposit program in place for liquor containers and containers over one liter in size. While creating a negligible cost savings for the Department of Liquor Control, a repeal of Vermont's container deposit on liquor containers and all beverage types in containers 1 liter in size or above will directly lead to reduced recycling, increased litter, increased costs for municipalities, reduced income for redemption centers, and decreased economies of scale in the deposit system.

CRI is a nonprofit organization that studies and promotes policies and programs that increase recovery and recycling of beverage containers and shift the societal and environmental costs associated with manufacturing, recycling and disposal of container packaging waste from government and taxpayers to producers and consumers.

¹ Amendments to Processing Fees Due to LCBO Deposit Return Program, report to Public Works and Infrastructure Committee from General Manager, Solid Waste Management Services: October 29, 2008.

² Environmental Resources Planning, LLC, "Northeast 2010 Litter Survey: A Baseline Survey of Litter at 288 Street and Highway Locations in Maine, New Hampshire and Vermont" conducted for the American Beverage Association.

CRI has served for nearly 20 years as the only national clearinghouse of information on beverage container and packaging generation, disposal, recovery and recycling in the United States. CRI plays a vital national role in educating policy makers, government officials and the general public regarding the societal and environmental impacts of the production and disposal of beverage containers and the need for producers to take responsibility for their packaging.

Thank you for the opportunity to submit comments on this bill. Please contact me with any questions you may have.

Sincerely,

A handwritten signature in blue ink that reads "Susan V. Collins". The signature is written in a cursive style and is positioned above a thin horizontal line.

Susan V. Collins
President, Container Recycling Institute

Cc:

Senator Robert M. Hartwell, Chair
Senator Diane Snelling, Vice Chair
Senator Peter W. Galbraith
Senator Mark A. MacDonald
Senator John Rodgers, Clerk

Katie Pickens, Committee Assistant kpickens@leg.state.vt.us