

Good morning madam chair, members of the committee, and invited guests.

Thank you for inviting me to speak today.

For the record, my name is Bob M. Montgomery. I'm on the management team at Hill Farmstead Brewery and Grassroots Distribution in Greensboro Bend. I have been with the company for just over eight years, involved in nearly all facets of the business, including the topic of today's hearing.

Some back story: Hill Farmstead is in its eleventh year of operation on family land that has been in the Hill Family for six generations. Over the course of this most recent decade-plus, we have won numerous awards, both national and international, including best brewery in the world eight of the previous nine years by the world's largest beer community rating website, RateBeer.com.

I'm speaking primarily for our brewery and distribution company, as well as, in small part, at the behest of the Vermont Brewers Association. I'm a member of its Government Affairs Committee. The VBA is a nonprofit organization founded in 1995 to promote and strengthen the culture of craft brewing in Vermont.

As we have evolved and grown as a company, we have begun developing a framework and toolset with which we can examine our impact on the environment and the world at large. A significant part of that equation is waste, especially containers in which we package our beer and the containers used by those breweries we represent.

Over the last few years, I've participated as a stakeholder in the various bottle bill discussions with the Agency of Natural Resources, as mentioned by Bree Dietly this morning. Given our position as manufacturers, distributors, and retailers of our own products, as well as those of other companies, we have a unique perspective on the system. Not only that, given the nature of our brewery, a significant amount of our product is purchased by people from out of state, as tourists or direct consumers—none of which is accurately or realistically accounted for under the current framework.

Navigating the various layers of the existing system has presented a number of frustrations and challenges, both functionally and philosophically. From parallel product registration required with both ANR and TOMRA to the multiple accounting requirements and formats, the process of remaining compliant has significant costs in time and resources, especially for a company as small as ours. Knowing that the system isn't nearly as effective as it needs also runs counter to our company's goals and philosophy.

We did join the commingling group in early 2020 for a short period, an experience that was both challenging and incredibly costly. We did not remain in the program because the accounting was not reflective of returns in Vermont, and the overhead costs were exponentially higher than what we were paying under our non-commingling agreement with TOMRA, even with the difference in rate.

Given that there were no measurably improved results within the program itself to offset the massive cost, we felt it necessary to opt-out and rejoin TOMRA. Changing the non-commingling penalty, given the costs of the available commingling option, is unlikely to push any small producers to that option.

The accounting—whether within commingling or as an independent account with TOMRA—is inaccurate for a small producer and distributor, which is a function of the complex and inexact nature of the sorting process. I can only imagine the challenges and frustrations of redemption centers with so many new products entering

the market at such a breakneck pace, as well as inconsistent policies across New England (and no national policy), which creates myriad issues.

Aside from our brewery's beer, our distribution company also has dozens of breweries with whom we work, so we see multiple angles of this ecosystem, as well as perspectives from around the globe. In many places, manufacturers are fully responsible for their containers from start to finish, whereas here, the onus on the waste is passed on to the consumer and then a multi-layered system with conflicting interests that is only partially effective.

The larger question for the nearly 50-year-old Bottle Bill is what are the ultimate goals for the next 50 years. There has been no significant improvements or change, as so excellently discussed by Bree Dietly. As it stands, the system is complex, inefficient, overcapacity, and not fully effective within Vermont.

The proposed changes to this bill are incremental patches for the program, focusing on the container types and fees. The changes do not address the redemption system's capacity and participation, and the logistics of collection and sorting at an exponentially larger scale, given the challenges expressed by the redemption industry, based input during those ANR stakeholder meetings, as well as testimony today.

The VBA has no official position on this bill, and while our membership is a significant economic driver in Vermont, its contribution to the container load in Vermont is ultimately minuscule as compared to other segments. As a brewery, in general terms, we support dramatic change and improvement of the system itself. H. 175 is most certainly is a half-measure and a temporary patch that could potentially create significant challenges for the current infrastructure.

As I mentioned, raising the commingling penalty is unlikely to sway small manufacturers, until such time additional and/or simplified commingling options are available.

We must continue to work on new, better solutions for this significant challenge. The Bottle Bill is, ostensibly, a tax on manufacturers for containers, but for small producers, it's not particularly equitable, effective, nor transparent. It would be wiser, cleaner, and more transparent to levy a flat container tax on manufacturers and distributors, to include all products sent into Vermont from outside the state, and fully fund a state-wide recycling and deposit collection program.

Better yet, a clear, responsible national policy would be most effective, given the exploding levels of interstate commerce involved. That, however, is a discussion for an entirely different setting.

Thank you, committee members, for your time, and I appreciate the opportunity to speak during this hearing.