

***H.175, An Act Relating to the Beverage Retainer Redemption System  
Testimony of Clare Buckley  
on behalf of the Vermont Wholesale Beverage Association  
House Natural Resources, Fish and Wildlife Committee  
February 17, 2021***

Thank you for the opportunity to testify. My name is Clare Buckley, a lobbyist with Leonine Public Affairs in Montpelier. I also serve as the Executive Director of the Vermont Wholesale Beverage Association whose members include a number of Vermont's beer and wine wholesalers. Vermont's beer and wine wholesalers are family-owned, local companies employing thousands of Vermonters. Our companies have significant capital investments in Vermont including large warehouses and fleets of trucks that deliver a wide variety of local and national beer and wine brands and non-alcoholic beverages to the over 2,000 licensed bars, restaurants and stores in Vermont.

Vermont's beer distributors have been operating our part of the bottle deposit system in Vermont for over 45 years and are responsible stewards of our products and the environment. At the onset I want to be clear that Vermont's beer and wine distributors are open to discussing alternatives to the bottle bill for those products we sell that are not already covered, such as glass wine bottles. Those alternatives should apply to all glass, not just beverages. However, VWBA opposes expanding the bottle bill to wine and other noncarbonated beverages and raising the bottle deposit from 5 to 10 cents. The bottle bill system, created in the 1970s before any significant recycling existed in Vermont, is antiquated, inefficient and costly for Vermonters and it is plagued with operational issues. We believe there are alternatives that can bring real economic and environmental value to the state. Here are some of the reasons we urge you not to support expansion or raising the deposit along with a proposal for reform.

**Fraud**

Fraud has been an issue with the bottle bill for a long time. Deposits require a costly system of oversight and auditing of retailers and redemption centers to ensure that only deposit containers purchased in Vermont are being redeemed. VWBA members report that they have witnessed countless cases of fraud in the system going back 30 years or more. About a year ago, an employee of a VWBA member was visiting a redemption center near the New Hampshire border and the employee captured on film a large truck and trailer loaded with bags of empties. This vehicle with New Hampshire plates left the empties without being paid and the empties were in standard redemption center bags that distributors pay for. All of this suggests it is very organized. This was reported to ANR. A few years ago, the Vermont commingling group paid to investigate a situation in the Brattleboro area where a U-Haul truck with neatly wrapped pallets of empties were being returned on a regular basis. This is large scale fraud but the greatest cost comes in the form of everyday returns that are fraudulent, such as people returning bottles they never paid the deposit on. Currently, this fraud is most prevalent along the New Hampshire border because New Hampshire doesn't have a bottle bill but the proposal in H.175 to expand the bottle bill to wine will result in this same problem happening along the Massachusetts and New York borders where the bottle deposit is not imposed on wine.

## **Unaccountability for Nontraditional Entrants**

There are many nontraditional entrants into Vermont's retail beverage marketplace. In 2019, there were 482 out-of-state wineries that held licenses from the Department of Liquor and Lottery to directly ship wine to Vermonters. In addition, it is hard to truly comprehend the scope but there are likely hundreds of unlicensed Internet retailers that ship wine to Vermonters. The same is true for other non-carbonated beverages. I recently went on to Amazon and put various carbonated soda products that are covered by the bottle bill in my cart with a Vermont shipping address. Sometimes the bottle deposits were added, and sometimes they weren't. It would be extremely difficult to enforce any requirement that these nontraditional entrants into Vermont's market include on their labels the Vermont deposit insignia (there are hundreds of thousands of wineries in over 70 countries), initiate the deposit when they sell the wine, pick up the empty wine bottles from Vermont's 2,000 licensed retailers and pay refunds and handling fees in Vermont. Local Vermont wine distributors will be left paying these expenses while out-of-state businesses enjoy ill-gotten profits.

## **Deposits are Costly & Require Auditing and Enforcement**

Vermont's bottle deposit system is inefficient and costly because the same containers must be counted numerous times so consumers and retailers are reimbursed for their deposits and handling fees. Each "touch" of the container adds costs to the system. A report by DSM Environmental Services, titled "Systems Analysis of the Impact of Act 148 on Solid Waste Management in Vermont," dated October 21, 2013, found that in 2013 the existing bottle bill costs all parties including distributors, consumers, redemption centers and the state over \$11 million to operate per year. This is an extremely costly system to operate.

## **Adding or Increasing the Bottle Deposits Will Drive Sales Out of State & Hurt Vermont's Economy**

Imposing a deposit and handling fee on wine and noncarbonated beverages will cause sales to decrease in retail stores along all of Vermont's borders thereby reducing tax revenue in Vermont. New York and Massachusetts do not impose a bottle deposit on wine. New Hampshire does not have a bottle bill and imposes no sales tax on wine or beer, giving that state an even greater edge.

Increasing the bottle deposit from 5 to 10 cents on all beverages subject to the bottle bill (beer and soda) would significantly increase the price Vermonters pay for beer and soda at the cash register (a total of \$2.40 per case for just deposits) sending more Vermonters along the border to NH without a bottle bill and NY & MA with a 5-cent deposit. Once they purchase products in a bordering state, they often return the empty beverage containers in Vermont and get reimbursed for deposits they didn't pay. Buying a case of beer in New Hampshire would come along with the added bonus of being able to return the empties in Vermont and get \$2.40 cents. This sets in motion a scenario whereby Vermont businesses lose sales, the state loses tax revenues and distributors pay for containers they never sold.

## **Negligible Environmental Benefit from Deposits on Wine**

Per the data from the 2018 Vermont Waste Characterization Final Report, by DSM Environmental, dated Dec. 14, 2018, expanded bottle bill glass, which includes wine bottles and non-carbonated glass beverages such as juice, accounts for 0.6 percent of municipal solid waste by weight in Vermont. Recovery rates for non-deposit glass are already very high in Vermont so there would be little environmental benefit and there is no need to impose a deposit to get the glass back.

## **Even if the BB were expanded to wine, the MRFs would still have lots of glass to process**

The 2018 Vermont Waste Characterization Final Report provides data about the 8,102 tons of glass, which makes up 1.9 percent of the total 422,258 tons of all mixed/municipal solid waste, including both residential and commercial/industrial, disposed of in Vermont each year.<sup>1</sup> The data from this report also demonstrates that glass from wine bottles and other non-carbonated glass beverage bottles comprise less than half of the glass disposed of at Vermont's material recovery facilities (MRFs). Even if Vermont had an expanded bottle bill, MRFs would still have to process 3,347 tons of glass from other products and sources. Given that imposing a bottle bill on wine will still leave a significant amount of glass to be processed through the MRFs, a more comprehensive solution that will address ALL glass, and not just beverage container glass, is needed.

## **A Holistic Review of the Bottle Bill and A Proposal to Invest in Vermont's Recycling Infrastructure to Manage All Glass**

VWBA urges this committee to take a holistic top to bottom review of the bottle bill and all options to process bottle bill materials that are available today because of improvements to our solid waste infrastructure and new technologies that didn't exist when the bottle bill was created in the 1970s. As part of that review, we support H.14, An act relating to the effectiveness of the beverage container redemption system, to get real time data on the costs and environmental impacts of the existing bottle bill law. Beyond that, VWBA wants to work with you and other interested stakeholders to explore a private stewardship organization for all glass in Vermont's waste stream, including non-bottle bill glass, similar to the product stewardship programs Vermont has for toxic products such as batteries, bulbs, electronics, paint and thermostats, although glass is not toxic.

Vermonters value eating and shopping locally to support our local farmers and businesses. This proposal builds on those Vermont values by having Vermont recycle and process our waste locally. Currently, distributors are paying a third-party pick up agent a significant fee to pick up the bottle bill materials and ship much of the scrap materials out of state for processing. A local stewardship program could generate funds for the necessary investments in technology at our solid waste processing facilities and provide more materials to process so these facilities are able to get a return on their investment. Finding a solution for all glass, and not just bottle bill glass, will result in a greater environmental benefit and be good for the Vermont economy and less costly for

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<sup>1</sup> 2018 Vermont Waste Characterization Final Report, DSM Environmental Services, Inc. with support from MSW Consultants and Castleton Polling Institute, December 14, 2018, Table 11, Page 17.

Vermonters. The stewardship organization could also pursue developing local markets for using the glass aggregate in either transportation projects or emerging markets such as making municipal recycled glass into foam glass aggregate for use in construction projects. Glavel, a Vermont-based company, is an example of an innovative company tapping into these emerging markets.

Thank you for considering this testimony.