

Testimony from the Vermont Public Interest Research Group (VPIRG) in Support of H.175 February 4, 2021

Introduction:

For the record, my name is Paul Burns, and I'm the executive director of the Vermont Public Interest Research Group (VPIRG). VPIRG is Vermont's largest consumer and environmental advocacy organizations with approximately 50,000 members and supporters across the state. Thank you for your invitation to testify this morning on H.175.

I believe the members of this committee are familiar with VPIRG's long history of engagement on policy related to the Bottle Bill. We support the proposed amendment to expand the scope of the Bottle Bill through H.175 to cover all carbonated and uncarbonated beverages other than dairy products and increase the deposit value to 10 cents from a nickel because these updates will benefit our environment, people, and economy.

Marcie Gallagher, our environmental associate, and I will be summarizing our written testimony to highlight a few key points.

Background:

Vermont's deposit return program has consistently produced recycling rates of 75 percent or greater for its nearly 50-year tenure, while national recycling rates have remained below 40 percent. It was passed initially to reduce litter, and it's been a huge success. After nearly 50 years however, it's time to modernize Vermont's Bottle Bill as nearly every other state with a deposit program has done.

Right now, the law covers approximately 54 percent of beverage containers sold in Vermont each year. That includes beer, carbonated soft drinks and mineral water, wine coolers and liquor. And since it was passed in 1972, the Bottle Bill has been responsible for recycling over 10 billion cans and bottles in Vermont.

But, important to this conversation, there are still 46 percent of beverage containers that are not covered by the program.

When Vermont's Bottle Bill was enacted, non-carbonated single-serve beverages were virtually unheard of. Now, these beverages, like bottled water, energy/sports drinks, iced tea and coffee, etc. make up over half the Vermont beverage market. In addition, the five-cent deposit has gone unchanged since 1972. If the deposit had risen with inflation, it would be more than 30 cents today.

Of the ten states with Bottle Bills, all cover more beverages than Vermont, except Massachusetts. If eight other states can do this, why not Vermont?

Benefits of Modernizing the Bottle Bill:

The Bottle Bill improves and increases recycling. If we were to modernize the Bottle Bill, these benefits would continue to grow in impact. Modernizing the Bottle Bill will result in perhaps as much as

397 million additional containers recycled. This is equal to 15,300 tons of additional material, or the weight of 10,200 cars, captured for recycling.

We can look to states that have modernized their Bottle Bills to see the recycling benefits. After Oregon increased its deposit value from a nickel to a dime in 2017, redemption of Bottle Bill containers rose from 73 to 81 percent that same year. One year later, the Bottle Bill was further expanded to include noncarbonated beverage containers. Redemption rates have since risen to 90 percent.

It's worth noting that Oregon's deposit was raised through a trigger mechanism where the deposit automatically goes up if redemption rates drop below a certain number – in this case, 80 percent. Vermont could consider a similar system.

Bottle Bill materials are much cleaner and therefore of a higher financial value than curbside materials collected in single stream systems. Therefore, those products can be sold for more and turned into new bottles and food-grade materials, rather than downcycled into road-pack, sand, and other products that are difficult or impossible to recycle again. Expanding the Bottle Bill means more containers being remade infinitely, and not downcycled to only one more use.

These clear benefits are why 60 regions around the world have Bottle Bills, including 14 new laws since 2017. The worldwide trend is clearly in favor of deposit return programs, which are a form of Extended Producer Responsibility.

This year 600 million people worldwide will live in areas covered by Bottle Bills – **double** the number covered in 2017.

Recycling old bottles into new bottles not only makes logical sense, but it is also a crucial step in ensuring the success of another environmental program – recycled content standards. Last year, California passed a law that would require beverage manufacturers to include 50 percent recycled material in their containers by 2030. Nearly every state in our region is considering a similar approach this year, and many beverage manufacturers have already pledged to meet their own recycled content goals. However, in order to provide enough clean, recycled material to meet these standards, manufacturers need more products that have been sorted through programs like the Bottle Bill.

Unclaimed Deposits:

Expanding the Bottle Bill to include more items will also mean millions more dollars being sent to the State in unclaimed deposits. This past fall marked one year since Vermont finally started collecting unclaimed deposits, rather than giving the money away to the beverage industry. This money – around \$3 million in one year – has provided much needed funding for clean water programs in the State. Expanding the scope and increasing the deposit is projected to send at least another \$1.5 million the state each year in unclaimed deposits for use in environmental initiatives.

Wine:

Glass is a recycling challenge even in the best of conditions: it's heavy, breakable, and expensive to collect, transport, and process. As Michele Morris of CSWD has noted, it "requires a lot of work and cleaning for a material that basically doesn't have much value in the markets." A 2017 study found that nationally, glass is costing MRFs \$150 million annually (closed loop foundation).

Bottle Bill glass, on the other hand, is much more likely to be remade into new bottles. While curbside glass, on average, *costs* \$20/ton to recycle, deposit glass can be *sold* for \$20/ton. That's why it's important to keep it segregated from other materials. By definition, however, segregation is not possible in single-stream recycling. The result of all that commingling and dumping, and front-end-loading is that much, if not most, single-stream glass is rendered valueless and unmarketable.

You may be familiar with the recent case settled by Chittenden Solid Waste District (CSWD) and the Vermont Attorney General (AG) regarding CSWD's illegal dumping of almost 18,000 tons of glass between the years of 2013-2018. This case reflects the poor glass markets for single-stream recyclables, and the poor judgment and trustworthiness of Vermont's largest solid waste district.

When not secretly dumped or stored indefinitely, most of the glass collected at curbside winds up in low-end construction uses (such as roadbed fill). At best, some gets shipped to a processor for cleaning, but has high rates of loss due to poor quality. Glass processors and manufacturers agree that single-stream is bad for glass recycling.

Broken glass is also a contaminant in other material bales, such as plastic bottles and household paper. Contamination not only lowers the value of each ton collected in the single-stream program, it compromises the function and lifespan of processing equipment due to increased wear and tear and maintenance. The problem is so serious that many single-stream programs in America are either collecting glass in a separate bin at the curb, or they aren't collecting glass at all. A survey of 45 material recovery facilities (MRFs) throughout the US Northeast found that facilities accepting curbside material sent almost 40% of glass straight to the landfill to be buried or used as landfill cover.

It is crucial that wine and other glass containers be re-directed to the Bottle Bill, and some of the program's most ardent critics agree. CSWD's Morris stated in a 2019 VTDigger article, "glass containers recycled at redemption centers under Vermont's 'bottle bill' are more likely to actually end up as containers again," and that "the Bottle Bill could be expanded to cover wine bottles and other types of glass jars...let's get it where it has the best likelihood of having its value retained and being made back into new glass."

Casella, too, has expressed support for the inclusion of glass in Bottle Bills in the regions they cover (though Casella has opposed types of Bottle Bill expansion). In written material regarding a proposal to expand the scope of New York's Bottle Bill, Casella wrote in part, "Placing a deposit on wine, liquor, and other glass bottles will divert more glass from the municipal recycling stream into the deposit system, reducing municipal recycling costs and improving the marketability of the glass. [Bottle Bill glass] is kept separate from other materials, whereas glass produced by MRFs is contaminated ... By expanding the bottle bill on glass, the state will be able to help meet its recycling goals".

Expanding the scope of the Bottle Bill will reduce the amount of glass that needs to be managed at the MRFs, thus saving them that money *and* allowing the glass to actually be recycled into new products. As Scott DeFife with the Glass Packaging Institute said, "Glass food jars and bottles that consumers see today are, on average, made of one-third recycled glass...the majority of that recovered material comes from the 10 bottle deposit states."

Some concerns have been raised regarding the addition of wine into the Bottle Bill program that I want to address. Namely, this concerns the deposit label on wine.

Vermont would be the third state behind Maine and Iowa to add wine to our deposit program. The wine industry could choose to avoid the burden of placing a sticker on each bottle including a code directly on the original label, just like the beer and soft drink industry does today. So-called “nips” or “shorties” (liquor bottles containing 50ml or less) are only included in Maine’s Bottle Bill, and yet manufacturers made the decision to add a code to the original label rather than going the sticker route. Therefore, if Vermont added wine to its deposit program in addition to Maine and Iowa, this would increase the likelihood that the industry would see value in adding a code to the original label.

Water Bottles:

The U.S. consumes 70 billion plastic water bottles each year, or over 2,000 per second. Vermont consumed 212.5 million plastic water bottles in 2018, or 404 per minute. As *the* primary source of beverage sales growth, they are a huge part of the plastic waste problem. If we were to include water bottles in the Bottle Bill, essentially putting a small bounty on each bottle, far fewer will end up as land or marine litter or landfilled.

Just like glass, PET plastic from curbside programs typically sells for much less than deposit PET – \$180/ton compared with \$360/ton. You may hear from witnesses opposed to the Bottle Bill that PET is a valuable material and therefore must not be removed from the curbside collection programs. However, the cost per ton of PET is not likely to offset the costs of collection and hauling, since plastic bottles – while having a high volume relative to other types of bottles – have a low weight. In other words, a ton of PET requires more individual bottles (100,000) than a ton of aluminum (67,000) or glass (4,800). Aluminum can pay for itself in curbside programs, but [PET does not](#), nor do any of the other material types. And Aluminum cans aren’t enough to offset the net cost of PET and glass.

Even though aluminum does hold value when processed through single-stream recycling, it is still significantly more so when sent through the Bottle Bill. Tom Dobbins, President and CEO of the Aluminum Association said, “a recent analysis...showed that while deposit states consume about a quarter of all beverage cans, they generate more than a third of all cans recycled”. Robert Budway with the Can Manufacturers Institute reported that “the average U.S. aluminum beverage can contains 73 percent recycled content and a significant portion...comes from the 10 deposit states”.

As mentioned previously, many states and beverage manufacturers are moving towards recycled content standards as a way to reduce the amount of virgin plastics used in manufacture. However, experts from the plastics industry warn that companies will not be able to hit recycled content laws or voluntary goals without more Bottle Bill material.

David Cornell, the former technical director for the association of plastic recyclers has said that to pull in enough recycled PET for the voluntary commitments alone, the U.S. recycling rate for PET containers would need to jump to at least 70 percent, up from the 30% it has been stuck at for years. He said it would require a “change in theology around recycling and deposit laws,” but suggested that recycled content commitments would “ratchet up pressure for deposit legislation nationwide.”

Darrel Collier, the Executive Director for The National Association for PET Container Resources (NAPCOR), expressed similar sentiments, saying: “Beverage container deposit programs are essential to preserve the supply of postconsumer recycled PET”. His colleague, Alasdair Carmichael with NAPCOR

said, “With a PET recycling rate of a little less than 30 percent in the United States... the numbers just don’t add up. If we stay as we are, these commitments are not really going to be achievable.”

Costs of the Bottle Bill:

You may hear that an expanded Bottle Bill would be economically devastating to districts like CSWD, who need the revenue from cans and plastic to cover their expenses.

Well, this is an important question and so last year we decided to look into it more closely. We hired a consulting firm called Eunomia with international expertise in recycling, waste and beverage redemption specifically to conduct a study. We’ve provided this study as part of our testimony.

Eunomia calculated that a modernized Bottle Bill could result in a revenue loss for CSWD of approximately \$480,176. If CSWD wanted to recover the revenue loss, they could increase tipping fees at the MRF. CSWD’s tipping fees are already quite a bit lower than though charged by Casella at its Rutland facility. But just to put the anticipated loss of revenue into focus, consider that just over a month ago, CSWD signed a settlement agreement with the Attorney General that included a \$400,000 fine. That was about their illegal dumping of glass over a period of at least five years.

Of course, the General Assembly could also decide as a matter of policy to mitigate any lost revenue for the districts. The State will have more revenue from unclaimed deposits. You could set up a program that would allow the districts to apply for assistance if they can demonstrate financial losses. This could also be short term as markets are likely to improve once again over time, especially if the MRFs produced less contaminated material.

But it’s important to stress that the Eunomia report also reveals that a modernized Bottle Bill would actually save costs throughout the system. Because containers will be removed from the trash stream, haulers will be collecting less trash, therefore sending less to landfill, saving on landfill tipping fees. If increases in MRF processing costs are passed on to customers, landfill savings should also be passed on – especially when the MRF operator and hauler are the same company, as is the case for some of Casella’s customers in VT.

Vermont’s Bottle Bill is a tried-and-true example of extended producer responsibility (EPR), wherein beverage distributors and sellers are legally and financially responsible for ensuring that their packaging is managed effectively and responsibly. Extending the deposit to non-carbonated beverages will keep costs, appropriately, on beverage producers and consumers rather than taxpayers. Thus, when you hear opponents argue the high costs of the Bottle Bill, the question is, “for whom?” The data show that the Bottle Bill is not more expensive per container collected than curbside, and in fact results in savings for taxpayers.

Economy:

Vermont’s Bottle Bill has a long and proud record of supporting green jobs at redemption centers, processing facilities and manufacturers in and around Vermont. A net increase of approximately 100 full-time equivalent (FTE) jobs are projected in Vermont and its surrounding region from a Bottle Bill expansion related to collection and processing of recovered beverage containers.

Recycling rates:

You may hear that Vermont's recycling rate is so high as to not need this program to boost recycling rates. To quote the Container Recycling Institute the leading group nationally on beverage redemption, "it is important to understand that diversion from disposal is not recycling. Collection is not recycling. A product is not recycled until it is made into another product. Broken glass used as landfill cover is downcycled into one use only. Closed-loop recycling occurs when a product can be made and remade infinitely, such as recycling containers back into aluminum cans and glass and PET bottles."

Even taking into account this differentiation, the recycling rate reported by DEC is still flawed. For example, even if we did consider using glass for construction "recycling," CSWD's glass dumping for at least a 5-year period certainly should not count as recycling, but likely was factored into DEC's recycling rate as such. Because glass is so heavy, it contributes significantly to the overall recycling rate; by weight, glass makes up 73 percent of beverage containers.

Conclusion:

Experience in numerous states and across the globe proves that expanded deposit return combined with a parallel household curbside recycling program works best for recycling, lowers overall emissions, creates green jobs, supports local charities, and keeps the environment clean and green.

Thank you for the opportunity to testify in favor of H.175.