



Senator Cummings, Chair
Senator MacDonald, Vice-Chair
Distinguished Members of the Senate Committee on Finance
115 State Street
Montpelier, VT 05633-5301

Regarding H. 175 *'An Act Relating to the Beverage Container Redemption System'*

Committee members,

Thank you for your thoughtful review of Vermont's Deposit Refund System (DRS) or "bottle bill" as it is more commonly known. Vermont was a pioneer in establishing such a pollution reduction measure back in 1972 and now the system helps to keep hundreds of millions of cans and bottles out of our nature areas and recycled back into high quality products each year. Given the statute has not changed significantly since the 1970's it is understandable some adaptations are necessary to ensure it is still reaching its intended purpose.

Introduction to TOMRA

TOMRA is sharing our thoughts on H. 175 since we provide many of the back-end services that make today's DRS in Vermont possible. TOMRA provides technology to retailers and redemption centers to automate the beverage container redemption process and reduce the carbon footprint of container transportation. We provide compliance services to the beverage industry including deposit and handling fee clearing and container pick-up services. We also operate material processing facilities in Essex and elsewhere to broker collected beverage container material back to the market. We operate in every major container Deposit Refund System in the world, including those collecting around 90% of containers and above such as Michigan and Oregon. Virtually all of the beverage cans and bottles TOMRA collects through Vermont's DRS are recycled, the vast majority go to American recycling facilities where they are recycled into new beverage containers or products of a similar high quality.

Deposit Systems in the Northeast are Modernizing

Vermont is the latest state to advance DRS modernization. Between 2017 and 2020, 22 states or countries have committed to update existing deposit systems or develop new systems.¹ Last year, Connecticut passed legislation to modernize its deposit system including: raising the deposit to ten cents, expanding deposits to nearly all beverage categories, raising the handling fee, and taking steps to ensure the public had convenient access to regain their deposit money. In addition, Massachusetts has advanced similar legislation this session which is being refined now. Further to the north, Quebec has passed legislation to modernize its system in a similar fashion adding deposits to all glass, metal and

¹ "Rewarding Recycling: Learnings from the World's Highest Performing Deposit Return Systems," TOMRA. 2021. Accessed via: <https://www.tomra.com/en/collection/reverse-vending/deposit-return-schemes/whitepaper>

plastic beverages with deposit values of ten and twenty five cents.² New Jersey passed legislation in 2021 to require plastic beverage containers and other products to include a certain amount of recycled plastic. Since high quality recycled plastic is in short supply, experts believe the targets in this bill will be difficult to achieve without more deposit systems, which preserve the quality of material collected.

Each jurisdiction solves for similar goals related to convenience and performance

In updating deposit systems, lawmakers have spent time addressing similar topics. A common theme is ensuring the system reaches its intended objective of reducing litter and increasing recycling. This is typically achieved by setting targets and enforcement measures for the industry to meet. For example, in Connecticut lawmakers established a target to redeem 80% of containers with a deposit. Oregon went further by setting a trigger to automatically increase the deposit value should the redemption rate fall below 80%. The ability for the public to conveniently get their deposit money back is also a common interest. Connecticut ensured all retailers participate in the redemption system unless they are within one mile of a redemption center, and required stores over 7k square feet to offer at least two Reverse Vending Machines to signal to the public the store offers redemption services. Connecticut also raised the handling fee to promote expansion of redemption centers. To centralize accountability, some jurisdictions, particularly in Europe and now Connecticut, authorize the formation of a Producer Responsibility Organization to manage deposit system responsibilities like managing unauthorized cross-border redemption, pick-up services, and performance reporting.

H. 175 has been thoroughly vetted and will increase the state's beverage container recycling rate

Other jurisdictions have made the transition to modernization by thoughtfully designing system upgrades. The Senate Natural Resources Committee established a stakeholder group to work through common issues related to a redemption network and TOMRA was asked to participate. Some of the issues the group discussed and work through include providing convenient access for the public to get their deposit money back, compensating facilities that handle beverage containers today and would lose some revenue when the DRS expands, reducing the space required for manually sorting containers, and codifying that containers must be picked up from redemption locations on a timely basis.

Given deposit systems are a form of Extended Producer Responsibility (EPR) where industry covers the cost of waste collection and recycling of packaging sold, consensus is not common across all stakeholder groups. That being said, we feel the legislative process on H. 175 has led to a bill where all parties have had a chance to weigh in and issues were negotiated upon. Based on our experience in other markets I can confidently say the upgrade as proposed in this bill will “work”. The implementation timeline allows ample time for stakeholders to prepare the redemption system and the responsibilities for a new Producer Responsibility Organization are clear. TOMRA supported stakeholders in Connecticut and New

² Excluding containers less than 100ml and more than two liters. Multi-layered containers will be subject to the regulation two years after the system goes into operation.



York when they added bottled water to their deposit systems back in 2009 and we will do the same in Vermont.

Conclusion

Thank you for the opportunity to share our perspective with the Committee on the critical role a modernized container deposit system plays in achieving a circular and sustainable materials management system. Should Vermont's deposit system modernize, we are committed to providing reliable container redemption automation, pickup and processing services that meet the requirements set by this legislature. We look forward to working with all stakeholders to make this possible. Modernizing deposit programs have resulted in higher collection and recycling rates, increased creation of green jobs, and reduction of litter. With thoughtful upgrades, Vermont's Deposit Refund System can continue to provide hiking trails, lakes and parks free from beverage container litter for generations to come.

Thank you,

Mike Noel,

Director, Public Affairs TOMRA

About TOMRA

With an installed base of approximately 83,000 systems in over 60 markets, TOMRA Reverse Vending is the world's leading provider of reverse vending and clearinghouse solutions. Every year TOMRA facilitates the collection of more than 40 billion empty cans and bottles and provides retailers and other customers with an effective and efficient way of collecting and sorting of these containers. TOMRA's Material Recovery business includes the pick-up, transportation, and processing of used beverage containers in North America and our processing facility in Essex Vermont, as well as the subsequent brokerage of the processed material to recyclers. The revenue stream in this business area is derived from fees received from bottlers based on the volume of containers processed. TOMRA Sorting develops the optical sorting technology Material Recycling Facilities (MRFs) use to improve the quality of recyclables that the public collects in Vermont and over 80 countries through curbside or drop-off programs. TOMRA is considered a global leader in this field, pioneering the automation of waste sorting to maximize the recovery and recycling of valuable resources from metal and plastics to food. Currently TOMRA Sorting has an installed base of close to 5,960 units across more than 40 markets.