



H.175 Workgroup Position Statement
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The Senate Natural Resources Committee convened a workgroup to identify six key elements regarding Vermont's redemption system, including:

- Addressing the pick-up issue - Tomra needs to pick up more volume
- How is the system going to know how to track and manage fraud
- Identifying the proper rollout timeline would be for expansion
- Reviewing the revised scope of containers
- Creation of a Producer Responsibility Organization
- Considering where Vermont wants to be with other materials as well in the next five years? How is Vermont thinking about solid waste collection overall?

While the committee reviewed various iterations of H.175, the list was not entirely considered. Due to the extremely limited time available to the workgroup, and the inability of some stakeholders to participate in the full discussion, Vermont Retail and Grocers Association (VRGA) believes that a study committee of stakeholders within the system (manufacturers, distributors, retailers, redemption centers, haulers, recyclers, and consumers) should be continued to ensure all aspects of the process are addressed prior to the creation of a Producer Responsibility Organization, and the consideration of expanding the scope of Vermont's Bottle Bill.

VRGA represents over 750 members across the state. Our membership is inclusive of a variety of business types and models. Members include general retail, grocery stores, convenience stores, redemption centers, distributors, food and beverage manufacturers, and business service members. Just under 500 of those members are food retail-related members. Of those members, about 8% are redemption centers. Of the nearly 500 members that the bottle bill may impact, a vast majority of members oppose passage of H.175.

In the most recent survey of membership, VRGA reports that:

- 96% of retailers are against expanding the bottle bill in the system's current state
- 97% of respondents agree that the mechanism that is the beverage redemption system in Vermont needs to be fixed systematically.
- 95% report that the third-party processor continues to fail in picking up containers on a regular basis, which overwhelms redemption space, withholds the pertinent resources from retailers and redemption centers need to continue to effectively run their business.

Should H.175 pass out of committee, VRGA advocates that the bill:

- Increase the handling fee for non-commingled containers to *at least* 5 cents per container to encourage manufacturers to participate in a commingling group and reduce the number of sorts managed within the system.
- Create a committee of stakeholders within the system (manufacturers, distributors, retailers, redemption centers, haulers, recyclers, and consumers) to ensure that all aspects of the process are addressed prior to the creation of a Producer Responsibility Organization. We believe that the system needs oversight, but the workgroup was unable to address the full scope of what a PRO-managed system would look like for all

involved. The stakeholder group should also be tasked with considering the final bullet point set forth by the Senate Natural Resources Committee: *Considering where Vermont wants to be with other materials in the next five years? How is Vermont thinking about solid waste collection overall?* This bullet point was not considered. Prior to discussion of expansion, inefficiencies within the existing system must be addressed and consideration of where Vermont's solid waste collection system, as a whole, needs to be considered.

VRGA does not support the expansion of the scope of containers at this time.

A brief explanation of additional issues can be found below.

Pickup Issues

Retailers have consistently stated for the past two years that inconsistent pick-ups from the third-party processor have negatively impacted their ability to provide redemption for Vermonters. Many businesses have reported:

- Missed pickups ranging from seven-to-ten days. In addition to requiring some stores to shut down due to lack of space, skipping pickups results in longer wait times for reimbursement of funds that retailers have expended in the redemption process.
- Lack of gaylords or sorting materials creates inefficiencies within the redemption process, which can result in miss counts and reduced reimbursement of funds.
- The lack of labor available to process returns.

Creation of a PRO and reduced sorts

While VRGA believes the system needs dedicated oversight to address inefficiencies, the creation of a PRO cannot guarantee such a result. Further, there are several unanswered questions that should be addressed prior to the establishment of such an organization. As stated above, expanding on the conversation by the workgroup and including all stakeholders can address all aspects within the system prior to the creation of an oversight organization.

As [explained by the Department of Environmental Conservation](#), a provision for commingling was added to Vermont's beverage container redemption law in 2007 and a commingling procedure was placed into rule effective 2008. *Before commingling was added to the law, redemption centers were having to sort containers into more than 100 sorts in separate receptacles for manufacturer pick-up, which required significant space and increased handling costs. The intention of commingling was to streamline the redemption, decreasing complexity and costs of the system.*

Currently, Vermont has one commingling agreement, the Vermont Commingling Group. The majority of the major beverage brands being sold in Vermont are covered under this commingling agreement, including Coke, Pepsi, and most major national beer brands, as well as many craft beer brands. Liquor containers, redeemed by the Vermont Department of Liquor Control, are also considered to be commingled.

Today, with an existing commingling agreement, redemption centers are nearing 120 sorts. As reported during the working group, the existing commingling group has been unsuccessful in bringing additional manufacturers into the program due to prohibitive costs. Therefore, a study of the existing system and how the creation of a Producer Responsibility Organization would impact the recycling system and improve the redemption system is necessary prior to expanding.

Suggestions have been made within the workgroup that there should be the opportunity for multiple Producer Responsibility Organizations. While VRGA supports competition, the association wonders how multiple PROs will manage the reduction of sorts across multiple organizations and how retailers and redemption centers would manage the pickup process.

Increase the Handling Fees

VRGA supports the increase in the non-commingled handling fee from 4 cents to 5 cents; and would support a higher non-commingled rate to entice further participation within a commingling agreement. Retail has changed immensely since the inception of Vermont's Bottle Bill. The minimum wage in Vermont has increased nearly 36% between 2009 and 2022. (2009 – \$8.06, 2022 – \$12.55.) The lack of increases in the handling fee and the increase in the number of sorts have made Vermont's Bottle Bill system inefficient and financially unstable for retailers.

Expansion of the Bottle Bill

VRGA does not support expanding the scope of the bottle bill to all drinks in liquid form and intended for human consumption for several reasons. Specifically, inefficiencies within the existing system need to be addressed prior to increasing the volume of containers within the system. Mandating an expansion to bring additional funds into the system without addressing the lack of pickup from the third-party processor will not guarantee additional pickups or address inefficiencies and will only exacerbate existing issues and fraud within system.

Further, removing more than ten percent of the materials from the blue bin to the bottle bill will only provide a 1% increase in revenue to the State while eliminating many valuable materials from the Material Recovery Facilities used to offset the costs of recycling for consumers. The State of Vermont, businesses, and all Vermonters will be guaranteed an increase in recycling costs if additional material is added to the bottle bill rather than remain in the single stream system.

As reported by the [Systems Analysis of the Impact of Act 148 on Solid Waste Management in Vermont](#) (DSM 2013): "To achieve the highest recovery rates and the greatest environmental benefits envisioned under Act 148, Vermonters will have to spend more than they are currently spending on solid waste management. Universal Single Stream recycling and no bottle bill has the lowest overall systemwide cost increase under Act 148 over the nine-year analysis period (an increase in the sum of annual costs of \$33.4 million over the nine year period). Keeping the existing bottle bill, or expanding the bottle bill increases estimated annual system-wide costs by \$124.2 million and 158.5 million, respectively over the current system."

Conclusion

Reform within Vermont's existing Bottle Bill is essential. With more than half of the containers that would be added by expansion falling into the brand category, hundreds of new sorts will be added as well, and without addressing the structure of the system, it will collapse. Retailers cannot continue to operate within the existing system without increased reimbursement or access to new technology that will not financially hinder their business model. Dedicated oversight is necessary to address inefficiencies as they arise and maintain a highly functioning system.

Making changes without addressing the currently issues and inefficiencies within the system will have reverberating effects on other systems. And all of those ripple effects will have an impact on Vermonters.