Stumbo vows renewed effort in next General Assembly

House Majority Leader Greg Stumbo’s bottle bill made history this year, advancing in the face of unprecedented, false and misleading advertising by opponents. Stumbo waged a determined battle, proposing a constitutional amendment to permit a bottle bill referendum, after finding the more direct road through legislation blocked.

The constitutional amendment bill passed the house 62 to 27, and came very close to being on the November 2000 ballot.

Legislation to place a refundable deposit on beverage containers became one of the most high profile, intensely fought issues in the legislature this year. But the most interesting aspects of the story may be the road taken toward a bottle bill in Kentucky.

Civics lesson

The story begins in a high school civics class in 1997, where students concerned about litter and waste decided to take a tried-and-true approach to beverage container recycling to Kentucky’s General Assembly. Seeking action on a bottle bill might have been dismissed as a well-intentioned but naïve approach, except that it attracted the support of a powerful ally in the Kentucky legislature.

House Majority Leader Greg Stumbo responded positively to the proposal by a (Continued on page 3)
Letter from the editor . . .

CRI has watched aluminum can and PET bottle recycling rates drop every year for the past five years. We have reported the declining recycling rates and noted, repeatedly, that the rates continued to drop despite the growth in curbside and other recycling programs around the country.

At the same time the PET recycling rate is declining, demand for recycled PET is exploding. According to the National Association for PET Container Resources (NAPCOR), manufacturers in the fiber industry could consume twice the 648 million pounds they purchased in 1999.

Recycled PET exports doubled last year from 89 million pounds in 1998 to 183 million pounds, widening the gap between supply and demand.

We think it is time for those with a vested interest in recycling -- local governments who want to reduce waste disposal costs, end users who realize economic gains from using recycled materials, and environmentalists who view recycling as a sustainability issue -- to ask ourselves a few questions:

1. How serious are we about reversing the wasting trend and increasing recycling of these containers?
2. Are we prepared to do what it takes to accomplish that goal?
3. Can we afford to rely on trade associations who represent resin producers, container manufacturers and beverage companies, to increase recovery of aluminum cans and PET bottles?

The job of trade associations is to bolster the image of their particular trade group. Associations like NAPCOR, the Aluminum Association and the National Soft Drink Association (NSDA) continue to trot out ‘new programs’ aimed at increasing bottle and can recycling. These programs are nothing more than old ideas they reinvent, rename and recycle every year or so, and for the most part they have been a dismal failure.

In November 1997 the Aluminum Association launched a national program they called Aluminum Cans Build Habitat for Humanity Homes. The program was designed to raise money for Habitat for Humanity and increase aluminum can recycling. Despite the noble efforts of the aluminum industry, the aluminum can recycling rate dropped to 55.6 percent the following year, down from 60.3 percent in 1997.

The Association launched the program again in June 1999. The recycling rate that year dropped to a ten-year low of 55.2 percent.

In the summer of 1997 NAPCOR introduced the first of its ‘big bin’ programs aimed at increasing recovery of PET bottles. Pete’s Big Bin, as it’s called, holds 192 uncrushed 20-ounce PET soda bottles. The ‘be in with the bin crowd’ campaign encouraged folks to deposit their plastic soda bottles in three-foot high plastic bins. A year later NAPCOR introduced ‘up the volume’.

Neither of the ‘big-bin’ campaigns have had an impact on PET recycling rates. In fact, the rate dropped from 29.1 percent in 1996 to 23.7 percent in 1999.

The latest ‘big bin’ recycling charade is a joint venture between NAPCOR and NSDA. ‘Slam Dunk’, as the program is called, was rolled out in April in two mid-size cities, Columbia, South Carolina and Albuquerque, New Mexico. The ‘slam dunk’ pilot programs are apparently aimed at males 25 and under who identify with basketball jargon and frequent gas stations and convenience stores. That’s where most of the bottle shaped bins are located. At the end of a six-week period the bins are to be removed and a report filed in each of the participating cities.

We contacted both NAPCOR and NSDA to get the final report on the ‘slam dunk’ program in Columbia, which was completed in May. We wanted to find out how many bottles were collected and, more importantly, at what cost.

NAPCOR said to call NSDA, which we did. NSDA, however, did not return our calls or email inquiries.

There’s no way these piece-meal programs can come close to collecting enough PET bottles to solve the critical supply problem facing plastic recyclers. They are nothing more than public relations gimmicks that have no basis in reality. The economics of these programs is absurd.

PET bottles deposited in bins, whether by slam dunks or twenty-foot jump shots, won’t make a dent in the problem of PET bottle waste. What is needed is a financial incentive to recycle.

Ten states and one city provide that incentive by requiring refundable deposits on beverage containers. In those states PET soda bottles are recycled at two to three times the rate of non-deposit states. You don’t have to be Michael Jordan to recycle a PET beverage container. You just need a little coaching and an incentive to recycle.

Pete's Big Bin

*Please see article on page 5 for an explanation of the discrepancy between the aluminum can recycling rate published by CRI and EPA and the rate published by the Aluminum Association.
group of Estill County High School students led by senior Brandon Campbell, and introduced the bottle bill in the 1998 legislative session. A Legislative Task Force was appointed to study the bottle bill.

Stumbo chaired the study committee, which held extensive public hearings over a 12-month period reporting back to the legislature in December 1999.

Proponents and opponents had an opportunity to present their views on Kentucky’s growing beverage container litter and waste problem. Stumbo said no effective alternative to the bottle bill was ever presented by opponents representing the beverage and grocery interests.

**HB 1 Advances in 2000**

In January 2000, Rep. Stumbo introduced HB 1, which was a larger legislative effort pursued by Stumbo to curb illegal dumping and eliminate litter. The bill included a 5-cent deposit on beverage containers and a 1-cent Advance Disposal Fee on fast-food packaging.

The Governor’s Secretary of Natural Resources proposed a 1-cent across the board tax on beverage containers as an alternative to the bottle bill. Governor Patton said he would sign either bill if approved by the General Assembly.

After public hearings on HB 1 opponents in the bottling and grocery industries launched a massive assault on the bottle bill, spending more than $92,000 on television, newspaper and radio advertising. Rep. Stumbo’s clout and public support were sufficient to gain approval by two house committees despite a vigorous negative advertising campaign.

An opinion poll by the Courier-Journal found the public supported a bottle bill for Kentucky by a 2-to-1 margin. Both of the state’s two largest newspapers, the Courier-Journal and the Lexington Herald-Leader gave the bottle bill their editorial support.

Together the papers published nearly two dozen stories and the Lexington Herald-Leader carried dozens of positive editorials and cartoons.

**Opposition Advertising**

Bottle bill opponents in the beverage and grocery industry created a front group with a neutral sounding name, Kentuckians for Comprehensive Recycling. Television, radio and newspaper ads used scare tactics, saying mom and pop grocery stores would close, and the poor and elderly would suffer. In a new and more desperate twist, one grocery store stuffed its customers’ grocery bags with flyers saying the store would close if the bottle bill passed and their legislator would be responsible. Stumbo stated, “The industry did everything they could to distort the truth.”

Direct lobbying expenses by opponents in one brief reporting period amounted to tens of thousands of dollars, with out-of-state bottling companies including Coca-Cola Enterprises of Atlanta among the major contributors. Stumbo said he was told that Coke assured McDonalds they would do whatever they could to defeat the bill.

**HB 1 Supporters Respond**

Despite strong public support and a statewide litter survey showing that 48 percent of roadside litter in Kentucky is bottles and cans, many HB-1 supporters felt the negative advertising by opponents was taking its toll. CRI then responded to requests from local citizen groups and public officials to find a way to debunk the beverage industry myths and get the facts out.

“We decided enough was enough and took the unprecedented step of working with Kentucky groups to put together a newspaper advertisement and radio ads presenting the facts about the benefits of a bottle bill,” CRI Executive Director Pat Franklin said.

**Referendum passes House**

Concerned that the bottle bill might not survive a House Floor vote, Stumbo decided to introduce a bill authorizing a referendum on the bottle bill through a constitutional amendment. Tenacity, strong public support and a position of power helped Rep. Stumbo win passage of the referendum proposal in the house, but it was blocked in the senate. When asked if the constitutional amendment was a victim of politics, Stumbo quickly said, “No. Absolutely not.”

Stumbo explained that in every session each house may offer two ballot measures. “We have historical agreement that each house will approve the other’s proposal. I believe the senate
leadership made a deal that they would not let my bill out of the senate and they delivered on that promise.”

Rep. Stumbo’s referendum proposal for a bottle bill initiative stalled, but in the annals of bottle bill legislation, Greg Stumbo and a high school civics class made history by winning passage of bottle bill legislation in committee and then a referendum on the House Floor for the first time in any state in more than a decade.

“We didn’t lose by any stretch of the imagination,” said Stumbo. “It wasn’t a victory, but it certainly wasn’t a defeat, it’s what I call round one.”

**Round two**

The legislature meets again in 2002, unless voters in November vote for annual legislative sessions. Either way, the bottle bill will be front and center in the next session of the General Assembly. Rep. Stumbo has already prefiled two bottle bill measures and has asked that the Program Review and Investigation Committee determine the economic impact of a bottle bill on the soft drink industry.

**Massachusetts**

In late 1999 the Joint Energy Committee established a subcommittee to investigate matters concerning the bottle bill and held a series of nine hearings in Boston this spring. The subcommittee is expected to make recommendations to the Energy Committee after the wrap-up hearing in July.

At the center of the hearings was House Bill 4552—a bill that purports to “update the bottle bill deposit system and lower the cost of recycling bottle containers in the commonwealth.”

CRI’s executive director, Pat Franklin, testifying at one of the hearings, called HB 4552 “a torpedo aimed at sinking the bottle bill”.

The repeal proposal, pushed by the bottling and grocery interests, would replace the current bottle bill with a comprehensive recycling and litter abatement program.

An alternative recycling and litter reduction policy is an idea the beverage and grocery interests are using in Iowa to repeal that state’s bottle bill.

Former state Rep. Lois Pines, sponsor of the 18-year old container deposit law, told CRI, “HB 4552 calls for an updating of the bottle bill. I agree! Let’s update the bottle bill to include all of the drink containers not covered by the 1983 law. The Massachusetts bottle bill needs to be updated, not upended.”

**New York**

On May 1, 2000 New York Attorney General Elliot Spitzer launched a comprehensive recycling initiative that includes expanding the state’s 18-year old bottle bill. In making his announcement, Spitzer said, “Recycling makes enormous economic and environmental sense and I am fully committed to expanding and enforcing recycling laws so that we can realize their full benefits.”

Spitzer’s recycling initiative was inspired by a report that included results of a statewide survey outlining problems with enforcing recycling laws.

The first of the two bills is The Recycling Reinforcement Act, which clarifies current law to prohibit waste haulers from dumping recyclables at landfills and incinerators. The Bottle Bill Expansion Act reflects the growing popularity of non-carbonated beverages such as teas, bottled water and fruit juices by adding them to the state’s existing container deposit law.

Spitzer’s recycling bills drew support from the Container Recycling Institute, Environmental Advocates of New York, Environmental Defense, Fund, New York PIRG, NYS League of Women Voters, and the Sierra Club. Spitzer is also pursuing legal action against the City of Amsterdam for violating The Solid Waste Act of 1988 by abandoning their recycling program.

Iowa

In gearing up for 2001, the Beautiful Land Coalition launched a petition drive this spring to show citizen support for expansion of the bottle bill. Voters who sign the petition agree to support: (1) expanding Iowa’s Bottle Bill by placing a 5-cent deposit on all non-carbonated beverages excluding milk, increasing the per container handling fee paid to grocery stores and redemption centers from 1 to 2 cents and establishing a schedule for future increases; (2) creating the Robert D. Ray Beautiful Land Fund to support local and state litter and recycling initiatives; and (3) requiring all beverage containers sold in Iowa to be made of recycled material equal to a minimum post-consumer recycled content of 25% by weight.

**Industry slaps new fee on non-alcoholic deposit containers in British Columbia**

Consumer groups, environmental organizations and government are concerned about a new charge levied by Encorp Pacific on all ready-to-serve, non-alcoholic beverage containers covered by the deposit law. Encorp Pacific is the non-profit industry organization that operates the deposit-return system.

A deposit is required on all beverage containers sold in British Columbia except milk containers. The deposit amount is 5 cents for non-alcoholic beverage containers of 1 liter or less, 10 cents for alcoholic beverage containers of 1 liter or less and 20 cents for all beverage containers over 1 liter.

All beverage containers (except milk) are also required to be recycled at a rate of 85 percent.

In March 2000 Encorp Pacific began encouraging retailers to charge...
Quebec’s bottlers to regulate deposit system under new agreement

A new agreement between the Quebec government and the soft drink bottlers went into effect on December 1, 1999. The container deposit program formerly overseen by Recyc-Quebec, is now self-regulated by the soft drink bottlers. Under the new agreement, the bottlers also keep the unclaimed deposits which had previously become the property of the provincial government. Bottlers are now required to use the unclaimed deposits to pay the incentive, or handling fee, to retailers.

The new agreement expires on December 2001 with the possibility of only one 12-month renewal. According to Sylvain Bourdeau of Recyc-Quebec a decision will be made with regard to a more permanent solution to the problem of soft drink container waste before December 2002.

The options under consideration include the following:
* the soft drink industry continues to operate a deposit system as an agreement;
* the government operates a deposit system as a law/regulation, or
* the soft drink containers are recycled through curbside programs rather than a deposit system.

Implementation of Israel’s bottle bill delayed until November 2000

Eyal Artzy of The Israel Union for Environmental Defense reports that implementation of Israel’s Container Deposit Law has been delayed until November 15, 2000. The law, passed in 1999 was scheduled to be implemented in April 2000. According to Artzy an amendment to the law has been proposed to the Knesset that would set up a voluntary collection corporation operated by manufactures and importers of soft drinks. The objective is to reach a recycling rate of 80 percent. The unclaimed deposits will be used to operate the corporation.

Aluminum can recycling rate hits ten year low of 55.2 percent

The aluminum can recycling rate dropped to 55.2 percent in 1999, the lowest rate in a decade. Of the 102 billion cans sold in the U.S. last year slightly more than one-half (56.3 billion) were recycled. Both the recycling rate and the number of cans recycled dropped for the third straight year. The Aluminum Association, Can Manufacturers Institute and the Institute of Scrap Recycling Industries reported a higher number of aluminum cans recycled — 63.9 cans. That number includes 7.7 billion imported scrap cans that were not sold in the U.S. According to the Container Recycling Institute and the USEPA, the imported cans are not in the denominator of the recycling rate equation and therefore do not belong in the numerator.

![Aluminum Can Recycling Rate 1990-1999](graph.png)

Source: Graph prepared by CRI using date from the Aluminum Association, U.S. Bureau of the Census Foreign Trade Division

Note: Recycling rates exclude imported used beverage cans recycled in the U.S. but not produced in the U.S.
soft drink containers show that PET soda bottles are recycled at 2 to 3 times the rate in non-deposit states. Neil Seldman, President of the Institute for Self-Reliance (ILSR) said, “We concur with CRI’s assessment that recycling of plastic soda bottles will continue to fall behind production unless new collection systems are adopted. One of the critical strategies for recovery, and one that can reverse the wasting of aluminum, glass and plastic resources is the deposit return system or bottle bill.”

Franklin added, “Coke does a disservice to every one of its customers and shareholders by denying the proven success of bottle bills and allocating company profits to defeat or repeal container deposit proposals.”

According to industry reports, the 20-ounce soda bottle is extremely profitable for soda manufacturers because they can sell 8 more ounces of product in a container that costs less to make than an aluminum can. Bottlers profit too. Franklin cited a 1996 Beverage World article that said a bottler would have to sell 26 cases of cans for every case of 20-ounce plastic bottles delivered to make the same dollar profit.

Seldman added that a reintroduction of refillable bottles is needed in addition to mandatory container deposit laws. “Increased use of refillable bottles would not only reduce waste but create jobs and develop small local economies,” said Seldman.

Plastic beer and soda bottles are available to consumers in many western European nations and several countries in South America, where they are reused dozens of times. “Refillables are a boon to the environment and the economy in those countries,” said Seldman.

“It is time for Coke, and all those who are profiting from the plastic soda bottle to accept responsibility for the recycling of this wasteful package,” said Franklin. “They could start by halting their attacks on bottle bills and bringing the refillable plastic soda bottle to America.”

PET Recycling in Sweden and USA — What a difference a deposit makes!

Returpack announced this spring that Sweden’s PET bottle recycling rate dropped 6 percentage points, from 80 percent in 1998 to 74 percent in 1999. Returpack is responsible for the development, administration, and regulation of the deposit system for both PET beverage bottles and aluminum beverage cans in Sweden.

A Swedish law passed on July 1, 1993 requires that 90 percent of PET bottles be recovered for recycling. A similar law enacted a decade earlier, imposed a recycling mandate on aluminum cans. In both cases, industry determined that a deposit-return system was the only viable method of reaching these high mandated recovery rates.

Sweden’s 74 percent recycling rate, while it falls short of the 90 percent required by the Swedish government, is 3 times as high as the 1999 US recycling rate for ‘all’ PET containers (23.7 percent) released in May 2000 by the National Association of PET Container Resources (NAPCOR). Sweden’s rate is more than twice the 1998 rate for PET soda bottles (35.6 percent) announced last year by the American Plastics Council (APC). Sweden’s recycling rate includes all PET beverage bottles.

Hans Funke, spokesperson for Returpack told CRI, “The deposit required on all PET beverage bottles sold in Sweden is the reason our recovery rate is so high.” Most of the ten states and one city in the US that require deposits report recovery rates of 74 percent or higher for PET soda bottles. The deposits range from 5 cents to 10 cents.

California’s “refund value” ranges from 2.5 cents to 5 cents. The deposit in Sweden is 1 SEK (US $0.116) for PET bottles of one litre or less and 2 SEK for bottles of more than one litre.

Funke told CRI that the long-term goal is to make all new bottles from recycled PET plastic. Returpack’s commitment to closed loop recycling is reflected in their brochure, which states, “The plastic contained within the recyclable bottles is not rubbish that we want to be rid of. . . it is valuable raw material with which to make new bottles, in a never-ending cycle. But this will only apply if we return all the bottles we use. . . ” Returpack is increasing their advertising efforts, but may be forced to raise the amount of the deposit in order to increase the recovery and eventually reach the government mandated recycling rate of 90 percent.

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PET Recycling Rates: Sweden vs. USA

Source: Sweden—Returpack; USA—APC (PET Soda Bottles and 1994 rate for All PET containers; USA—NAPCOR (All PET containers 1995 – 1999)
Coke shareholders bring refillable resolution to annual meeting

Last fall, Byron Swift and his stepmother, Patricia Swift, submitted the following shareholder resolution to the Coca-Cola Company:

“In developing countries with per capita income of less than $5,000 or others that do not have an effective and comprehensive municipal trash collection and disposal system, The Coca-Cola Company shall, in its activities and through companies in which it has an ownership interest, promote the retention and development of bottle deposit systems and laws, and cease any efforts to replace existing deposit and return systems with one-way containers.”

Mr. Swift, is Director of the Energy and Innovation Center at the Environmental Law Institute in Washington, DC and has worked in Latin America for 25 years. In a recent interview Swift told CRI, “Until very recently, Latin America maintained their refillable soda bottle system while the beverage companies in the U.S. dismantled theirs.”

Swift said he noticed the sudden appearance of one-way plastic bottles several years ago, even in the most remote areas of Chile and Peru. He believes the change is promoted by Coke, Pepsi, and the local companies that are often partly owned by the multinationals, who realize a small increment in profit from the one-way containers.

“The shift to throwaways,” he said, “has resulted in a plethora of plastic soda bottles littering the landscape. And, especially in the poorer neighborhoods, discarded plastic bottles become a major component of urban trash that is left on the streets.” Swift explained that the waste issue is especially acute in many Latin American and other developing countries, that, except for major urban areas, lack comprehensive waste pickup and disposal programs.

Swift said he asked local storeowners about the packaging shift and the typical response was that the storekeepers had little say in the matter. People in the tourism industry confirmed to Swift that discarded plastic bottles are now ubiquitous. They told him that even in the farthest reaches of the Amazon, where tour companies are attempting to provide a wilderness experience, discarded beverage containers can be seen floating down from the highlands.

Mr. Swift showed CRI the letter he and his stepmother wrote Coke in March in which they said, “Perhaps many of Coca-Cola’s current problems reflect your current policies, and require a fundamental reevaluation of your attitude and business strategy with regard to containers, recycling, and manufacturer responsibility. We suggest this would be beneficial not only for Coca-Cola’s image, but also for its medium and long-term productivity and profitability.”

After a lengthy discussion at the annual meeting, led by Patricia Swift, the resolution received 8.3 percent of votes cast.

Mr. Swift said they never expected the resolution to pass. “This is the first step in building awareness,” he said. “We plan to introduce the resolution again next year.”

According to FEC regulations, any shareholder resolution receiving over 3 percent of the votes cast can be submitted the following year. Swift said, “I doubt most shareholders want to profit at the expense of people and governments in the poorest of the world’s countries. We plan to continue to bring to the attention of Coca-Cola and its shareholders the need to adopt sustainable business practices.”

Plastic recyclers say bottle bills provide highest quality material

A statement released in April 2000 by the Association of Postconsumer Plastic Recyclers (APR) made it clear that the plastics recycling industry is “radically affected” by passage of new container deposit legislation, as well as repeal or expansion of existing deposit laws.

The statement stopped short of supporting container deposit systems known as bottle bills, but APR members have told CRI that deposit return systems provides them with higher quality material than curbside collection programs.

In a May 15, 2000 Plastics News article, APR director Robin Cotchan said, “The statement is saying it would be nice to have more bottle bills because the quality is good...”

The higher quality is due to the fact that deposit bottles and cans are sorted by brand and material type, which reduces contamination and results in a cleaner stream of materials. The materials are commingled in most curbside programs resulting in materials that have a lower value. Typically, PET processors pay several cents more per pound for PET bottles collected through a deposit system than they do for bottles collected through a curbside recycling system.

APR’s announcement, while it is non-committal on the issue of bottle bills, clearly opens the door for a more definitive position in the future.
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