April 23, 2015

The Honorable Thomas Saviello & Joan Welsh, Co-chairpersons
Committee on Environment and Natural Resources
c/o Legislative Information Office
100 State House Station
Augusta, ME 04333

RE: LD 1204, “An Act To Increase Recycling and Composting by Creating the Maine Recycling Fund” – OPPOSE

Dear Chairpersons Saviello & Welsh,

The Container Recycling Institute opposes LD 1204, entitled, “An Act To Increase Recycling and Composting by Creating the Maine Recycling Fund.” By reducing the scope of the State’s beverage container deposit law, LD 1204 would be a step backwards for recycling. The bill would increase landfilling, increase costs for municipalities and taxpayers, increase consumer confusion, and increase the use of energy and the production of greenhouse gases. In addition, the bill would financially result in a big give-away to local and multi-national beverage companies at the expense of Maine’s municipalities, Maine’s small businesses, the State of Maine itself and local charities. The financial benefits of a new recycling fund are relatively small and do not come close to compensating municipalities for their losses. The losses to municipalities, the state and charities would continue indefinitely, while the beverage companies would make small payments into the recycling fund for only 6 years.

Financial Implications
It is notable that LD 1204 would relieve the beverage industry from having to pay $2.3 million per year in handling fees for container collection. Conversely, Maine’s redemption centers will lose more than $2 million in handling fees every year as a result of the proposed changes.

Eighty-nine percent of the containers excluded by LD 1204 are PET containers and the remaining 11% are glass containers, by unit count. By weight, LD 1204’s containers are 52% glass and 48% PET. LD 1204 would leave all aluminum containers in the deposit program. Aluminum is the only material type that has a higher scrap value than the cost of recycling for municipalities. LD 1204 is structured to unload the most costly containers onto municipalities and taxpayers. In addition, if the containers were taken out of the deposit program, any containers collected through curbside programs would have a lower scrap value than they do in the deposit program. In particular, PET plastic is worth 40% less when sold through curbside programs because of contamination. Furthermore, PET scrap prices have been dropping due to the recent drop in oil prices.

In the Province of Ontario, Canada, the curbside recycling program for packaging and printed paper is partially paid for by industry, and they have developed a very good set of peer-reviewed activity-based-costing statistics. Their cost model for 2011 shows that aluminum generates net revenues of $532 per ton, while glass has a net cost of around $150 per ton, and PET is the most
expensive, at a net cost of $1,000 per ton. (These statistics are published on the Stewardship Ontario web site.)

The proposed fund new recycling and composting grant and loan fund would receive about $370,000 per year for six years, for a total of approximately $2.2 million. Meanwhile, municipalities in the state will experience increased costs from handling the larger beverage containers of more than $2.2 million each year, and these costs would continue every year, well into the future.

Part of the financial losses stem from the way materials are devalued by taking them out of the container deposit program. Container glass has little to no value in curbside recycling programs, and many of Maine’s municipalities can’t find markets for glass. In contrast, through the container deposit program, Maine’s glass bottles are recycled and made into new glass bottles, and there is a ready market for this.

Maine’s container deposit program collects more beverage containers for recycling per capita than any other program in the United States. The program collects more than 700 units per capita compared to roughly 200 units per capita collected in non-container deposit states. It is clear that Maine’s program has been a successful one, and the proposed changes would unnecessarily dismantle a portion of the program.

Maine’s official recycling rate would be 41.8% for 2012 if the data from the container deposit program was included in the official totals.

**Consumer Confusion**

Currently, nearly all beverage containers are included in Maine’s beverage container deposit law. This bill would exempt some of the containers that are currently covered by the law, namely, those 32 ounces and over in size. LD 1204 would increase consumer confusion by applying the deposit to some containers and not others. This consumer confusion might negatively affect the recycling rate in Maine.

Most wine bottles are 750 milliliters in size, which is equal to 25.4 ounces, but some wine bottles are larger. Many liquor bottles are also 25.4 ounces, but some are larger. Therefore, some wine and
liquor bottles would be included, and some wouldn’t. One-liter, two-liter and three-liter soda bottles would be excluded from the deposit program under this bill, while the rest of soda would remain. Sparkling water and still water products come in a range of beverage container sizes, ranging from 6 ounces to 2 liters. Therefore, some sparkling and still water would be included in the program, while others would not. The same is true for fruit juices, and is especially true for sports drinks, where the most common size is 32 ounces.

**Adverse Effects to Maine’s Recycling Rate and Increase Landfilling of Beverage Containers**

Refundable deposits have been shown to be an efficient and effective way to significantly increase recycling rates of beverage containers. In the 10 states that have refundable deposits, the beverage container recycling rates average 84%. In all other states, the beverage container-recycling rate is below 25%. In non-deposit states, the recycling rate for glass beverage containers is 25%, while the rate for PET beverage containers is 20%. In contrast, deposit states have a recycling rate of 65% for glass beverage containers and a 48% recycling rate for PET beverage containers have. No other container-focused recycling program achieves these types of recovery rates like refundable deposit programs.

**Increase of Greenhouse Gases**

Using USEPA statistics, beverage containers make up about 5.5% of the waste stream by weight. Measuring waste quantities by weight is a relic of the past, and ignores more relevant environmental criteria. When measured by greenhouse gases that can be saved by recycling, beverage containers make up about 20% of the waste stream (source: USEPA). It is therefore extremely important to recycle beverage containers, and to make the materials into industrial feedstock.

It is sometimes said that car and truck travel for recycling of beverage containers is a negative impact, but reasoning fails to account for the greenhouse gas savings from recycling.

**The Worldwide Trend is Toward Bringing More Beverage Containers into Deposit Programs**

There are more than 40 beverage container deposit programs in the world. Since the year 2000, there have been 17 new and expanded container deposit laws around the world. Container deposit programs have been expanded to include more beverage types, like water, in California, New York, Connecticut and Oregon. In Ontario, Canada, wine and liquor were added to their program in 2007. Hawaii and Germany both started new comprehensive deposit programs in 2005. 2011 brought new programs to Fiji, Guam, the Northern Territory of Australia, Turks & Caicos, while Lithuania implemented their container deposit law this year (2015). The worldwide trend is clearly to bring more and more beverage containers under deposit programs because of their success.
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About CRI
CRI is a nonprofit organization and a leading authority on the economic and environmental impacts of used beverage containers and other consumer-product packaging. Its mission is to make North America a global model for the collection and quality recycling of packaging materials. We do this by producing authoritative research and education on policies and practices that increase recovery and reuse; by creating and maintaining a database of information on containers and packaging; by studying container and packaging reuse and recycling options, including deposit systems; and by creating and sponsoring national networks for mutual progress. CRI envisions a world where no material is wasted and the environment is protected. It succeeds because companies and people collaborate to create a strong, sustainable domestic economy.

The Container Recycling Institute urges you to reject LD 1204 and to reject any measures that would reduce the scope of Maine’s container deposit program, the most effective recycling program in the State.

Thank you for the opportunity to submit comments on this bill. Please contact me with any questions you may have.

Sincerely,

Susan V. Collins
Executive Director
Container Recycling Institute

Cc:
Senator Thomas Saviello, Chair
Representative Joan Welsh, Chair

Senator Eric Brakey
Senator Catherine Breen
Representative Andrew Buckland
Representative Richard Campbell
Representative Benjamin Chipman
Representative Robert Duchesne
Representative Jeffrey Hanley
Representative Denise Harlow
Representative John Martin
Representative Ralph Tucker
Representative Dustin White

Tyler Washburn, Committee Clerk
Daniel Tartakoff, OPLA Analyst
## FINANCIAL ANALYSIS OF LD 1204 (exclusion of containers of 32 oz. or larger from Bottle Bill)

### Who Wins?

<table>
<thead>
<tr>
<th>Material Recovery Facilities (MRFs)</th>
<th>Beverage Companies</th>
<th>New Recycling Fund</th>
<th>Municipalities</th>
<th>Redemption Centers &amp; Retailers</th>
<th>State of Maine</th>
<th>Charities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handling Fees Paid by Beverage Distributors to Redemption Centers (3.5 cent average handling fee, 90% redemption rate)</td>
<td>$2,338,692</td>
<td></td>
<td></td>
<td></td>
<td>($2,338,692)</td>
<td></td>
</tr>
<tr>
<td>Payments to New Recycling &amp; Composting Grant &amp; Loan Fund (payments at half a cent per container sold, 32 oz or less)</td>
<td>MRFs, or the companies that own them, would be eligible for grant funding.</td>
<td>($371,221)</td>
<td>$371,221</td>
<td>Municipalities would receive some portion of grants, but private companies would also be eligible for grant funding.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Label Registration Fees paid to the State of Maine to fund Program Admin. &amp; Enforcement</td>
<td></td>
<td>$44,561</td>
<td></td>
<td></td>
<td></td>
<td>($44,561)</td>
</tr>
<tr>
<td>Unredeemed Deposits: Beverage companies that commingle currently keep some unredeemed, beverage companies that do NOT commingle turn over unredeemed to the state.</td>
<td>No impact to beverage companies, because if containers are excluded, there will be no deposits received on those containers, and no unredeemed deposits.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($113,400)</td>
</tr>
<tr>
<td>Collection, Processing, Disposal *</td>
<td>MRFs would receive some portion of containers removed from bottle bill program, as well as processing fees and scrap revenue.</td>
<td>$668,198</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of Scrap Material</td>
<td></td>
<td>($1,545,190)</td>
<td></td>
<td></td>
<td>$445,966</td>
<td></td>
</tr>
</tbody>
</table>

### Who Loses?

<table>
<thead>
<tr>
<th>Municipalities</th>
<th>Redemption Centers &amp; Retailers</th>
<th>State of Maine</th>
<th>Charities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($2,104,823)</td>
<td>($233,869)</td>
<td>($157,961)</td>
</tr>
</tbody>
</table>

### Annual Total for Each Stakeholder:

- $1,135,039
- $371,221
- ($2,291,890) ($157,961) ($167,049)

### 6-Year Total for Each Stakeholder:

- $6,810,236
- $2,227,326
- ($13,751,341) ($1,403,215) ($947,766) ($1,002,297)

### Annual Savings/(Costs) After First Six Years:

- $1,506,260
- $0
- ($2,291,890) ($233,869) ($157,961) ($167,049)

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For municipalities, "collection, processing and disposal" is estimated to be 60% disposal and 40% recycling. Disposal costs are $80 collection and $70 disposal, for a total of $150 per ton.

For municipalities, "collection & processing" is estimated at a weighted average of $136 per ton for glass and $1,280 for PET, before scrap sales, based on Ontario, Canada results.

Handling fees are based on a conservative 3.5 cent handling fee, approximately 74 million containers sold, and a 90% return rate.

New recycling and composting fund revenues estimated at half a cent per container and approximately 74 million containers.

Sale of scrap material: beverage containers currently have a 90% return rate in the deposit program, but would have a return rate of 40% in curbside programs.

Scrap value of glass is zero in curbside programs and $20 per ton in deposit programs. PET prices are 22 cents per pound for deposit material, but only 15 cents per pound for curbside material.

Charities are assumed to return 5% of total containers redeemed.

Containers per pound data for large size containers obtained from NAPCOR and CalRecycle.

Containers of at least 32 ounces are 6.3% of containers sold – we assumed the same percentage for unredeemed deposits, and used a 5-cent deposit value.

*In reality, redemption centers & retailers would not be able to reduce costs over the short term, because most of their costs are fixed. Tipping fees and MRF processing fees are on a per-ton basis.

Prepared by the Container Recycling Institute, 4/23/15.