CRI Opposes Connecticut Senate Bill 996
CRI Supports House Bill 5618
REVISED TESTIMONY: April 10, 2017

The Container Recycling Institute (CRI) supports HB 5618, which would increase the beverage container handling fee that is paid to redemption centers and retailers by one cent.

CRI opposes Senate Bill 996, “An Act Establishing a Bottle Recycling Fee In Lieu of a Refundable Deposit.” It would repeal the existing beverage container deposit law (the “bottle bill”), and would impose a 4-cent fee on all carbonated and most non-carbonated beverages, with revenues sent to the state’s General Fund and a new “Recycling Fee Account” to be used for various programs. The SB 996 fee would continue for seven years.

By repealing Connecticut’s beverage container deposit law, this bill would be a pronounced step backwards for beverage container recycling, which is contrary to the bill’s stated intent. Rather than being a policy mandate to increase recycling, our analysis shows that SB 996 would:

1. Create a new, annual $57 million “recycling” fee that is passed through to consumers at the point of sale. The new fee would be split 4 ways:
   - $28.6 million would go to the State’s General Fund each year
   - $9.5 million would go to the “collectors account” to be paid to waste haulers that collect a “verifiable” increased amount of beverage containers—*with no requirement that these containers are recycled*
   - $9.5 million would go to the “tipping fee” subaccount, to be paid to municipalities that experience “verifiable” increases in tipping fees as a result of increases in beverage containers. *These payments appear to pay for disposal, not recycling.*
   - $9.5 million would go to the “beverage container reuse subaccount” to be used for beverage container “reuse,” which is a term typically used for refillable beverage containers
   - The manufacturers and distributors of noncarbonated beverages can petition for a delay in paying the fee for “undue hardship,” *which would nearly cut the size of the fund in half for more than one year.*

2. The new fee/tax would cost consumers $400 million over 7 years.
3. Cause a **300 million-unit drop** in annual beverage container recycling
4. **Degraded the quality** and marketability of containers as feedstock for secondary manufacturing
5. Increase landfilling of beverage containers by **22,354 tons** per year
6. Cost the State **$133 million in lost revenues** from unclaimed deposits over 10 years
7. **Increase litter-related** costs by **$2 million** per year
8. Generate **19,418 tons** of greenhouse gases and waste enough energy to power **4,099 homes** per year
9. **Eliminate up to 600 redemption-related jobs**, and possibly others in recycling industries
10. Pose a **multi-million dollar cost to taxpayers and ratepayers for recycling and disposal costs** —and defeat the purpose of the bill entirely—if the 4¢ recycling fee is reduced to less than 4 cents, sunsets before the 7-year period is over, or is swept into the General Fund

The beverage industry stands to gain **$128 million over the course of 10 years** following a repeal of the deposit program. The costs of recycling their products would instead be transferred to
consumers ($400 million over 7 years), municipalities and to the State of Connecticut ($133 million over 10 years). After the seven year fee/tax period ends, taxpayers, rate payers and the State of Connecticut will lose nearly $38 million per year.

These extra expenditures will not lead to more beverage container recycling. CRI estimates that overall beverage container recycling will decline from 737 million bottles and cans today to 439 million bottles and cans after repeal: only 60% of all of the beverage containers recycled today.

It would make more financial sense to maintain the current deposit system—which is both less expensive than the 4¢ fee, and better performing—and to:

- **Update** the bottle bill to include non-carbonated beverages, which now comprise 55% of the market
- **Improve performance** by raising the deposit to 10¢ across the board and/or 15¢ for wine
- **Better compensate** redemption centers and retailers via a permanent handling fee increase (as in HB 5618).

CRI has conducted a thorough financial analysis of SB 996 (appended), and has outlined which stakeholders will be short- and long-term winners and losers under SB 996.

### Financial Implications, First 9 Months: Early Recycling Fee

For nine months before repeal (from Oct. 1, 2017 - July 1, 2018), SB 996 would:

1. **Levy “Early beverage fees;”** raise $4.3 million in revenues → **General Fund.**
   - 4¢ fee on juice, tea, sports drinks, & spirits (≤50ml), paid by consumers

2. **Raise the handling fees paid to redemption centers only:**
   - From 1.5¢ to 2.5¢ for beer, and from 2¢ to 3¢ for carbonated soft drinks and water
   - Amounts to $3.5 million ($1.2 million more than with existing handling fees)
   - State of CT to **make payments to redemption centers** for $1.2 million difference

3. **Create a Net Surplus to State:** $3.1 million
   - $4.3M (early fee revenues) - $1.2M (HF reimbursement) = **$3.1 million net surplus**
   - **Surplus funds will go:** General Fund

### Financial Implications (After Early Recycling Fee Period): Winners and Losers

After dismantling the deposit system, the proposed 4¢ beverage fee would raise an estimated $57 million annually. Half of that ($28.6 million) would be placed in the State’s General Fund, and the other half ($28.6 million) would be placed in the newly-created Recycling Fee Account. This amount is based on current rates of beverage consumption and an expanded list of beverage containers. The Recycling Fee Account would be divided into three equal sub-accounts:

1. Collectors' Subaccount (for waste haulers)
2. Tipping Fee Subaccount, (for municipalities) and
3. **Beverage Container Reuse Subaccount (for recycling industries).**

Each of these subaccounts would receive $9.5 million per year (or 40% less than that in the first year, if distributors of non-carbonated beverages petition for a delay). The collection of fees and the distribution of grants would cease at the end of 7 years.

**Fee Collection Would Become Much More Complex and Costly for the State of Connecticut**

This bill shifts a significant responsibility from distributors to retailers. Under current law, the “deposit” is initiated by beverage distributors, and there are probably a few hundred of them in the state. Under the proposed law, the “recycling fee” is initiated by the “dealer,” that is, the beverage retailer, and there are probably thousands of them in the state.

These “dealers” include all places where beverages are sold, like grocery stores, convenience stores, drug stores, home improvement centers, movie theatres, vending machines, fast food and full-service restaurants, bars, hotels, stadiums, gas stations, package stores, etc.

One particular requirement is that each “dealer” will be required to open a bank account for the fees. It must be a “special interest-bearing account at a Connecticut branch of a financial institution....” This would result in the opening of thousands of new bank accounts to hold these recycling fees until they are turned over to the state.

Currently, the Department of Revenue Services does have to expend some effort to collect the unclaimed deposit from distributors. However, switching the point of collection to the RETAILERS would dramatically increase the fee collection efforts by the state.

**WINNER: The Beverage Industry:** Due to the pass-through to the consumer of the new 4¢ beverage fee, CRI has calculated that SB 996 would yield net annual gains of $12.8 million to the beverage industry (distributors and bottlers), or $90 million during the duration of the 7-year fee period, and $128 million over 10 years. These gains are a result of no longer having to pay $12.4 million in annual handling fees to redemption centers and retailers, and no longer having to incur their $6.6 million in annual transportation and processing costs to bring redeemed containers to recyclers, minus $6 million in lost scrap revenues. If the fee were not passed through to consumers, the beverage industry would lose money. But if SB996 as currently written passes, the beverage industry will have successfully shifted all of the costs of recycling their billions of discarded beverage containers onto consumers, onto the State, and eventually onto cities and towns (or taxpayers).

**WINNER: Commercial Waste Haulers** would be the potential recipients of $9.5 million from the Collectors’ subaccount, provided they can demonstrate that the amount of beverage containers they “haul” have increased since the repeal of the bottle bill. **However, there is no requirement that the beverage containers are recycled.** These gains amount to $67 million over 7 years. Additionally, private waste haulers may gain contract revenue and scrap materials revenue from municipalities by increasing the tonnage (recycling and garbage) in their contracts.

**WINNER: Projects, research or industries and businesses related to “reuse” of beverage containers** would be the recipients of $9.5 million from the Beverage Container Reuse Subaccount for “efforts
that result in the reuse of such beverage containers in the state.” Their gains also amount to $67 million over 7 years.

**WINNER: Municipalities that Manage Recycling and Waste Disposal.** Connecticut cities and towns would incur **$7.2 million** in increased operational costs for recycling services and increased garbage collection and disposal under SB 996; these would be more than offset by $9.5 million in potential recycling grants from the Tipping Fee Subaccount IF the municipalities can verify an increase in tipping fees. They would also experience $2.6 million in new scrap revenues, for a net annual gain of $4.9 million for the first seven years: **provided that the 4¢ fee remains in place and provided they can prove increases in tipping fees due to SB 996.**

The increased costs are due to former deposit program material being subject to collection by municipalities after a bottle bill repeal: either for recycling, or for trash disposal. It is a myth that a bottle bill repeal would be a boon to their recycling programs by making “more valuable” materials available to the municipalities. Our analysis shows that under a deposit repeal, this material would represent more of a new liability than a new asset, because:

- **Recycling rates will be lower** under curbside programs than under a deposit system, resulting in a lower tonnage of collected recyclable beverage containers in total. In 2015, about 61% of the deposit beverage containers sold in Connecticut were recycled: 51% through the deposit system, and about 10% through curbside. But CRI evidence gathered from existing non-bottle bill states throughout the United States (see Figure 1) shows that the mostly likely beverage container recycling rates under a bottle bill repeal will be 39-46% for aluminum, 17-25% for plastic, and 25% for glass. This is in contrast to the average of 77% of bottles and cans recycled in other deposit states.

- **Lower quality scrap:** Single-stream curbside material is contaminated, and of a lower quality than clean, separated deposit program material, and it commands lower per-ton scrap revenues. Curbside PET plastic currently sells for $180/ton, compared to deposit PET at $300/ton. Curbside glass, in fact, costs $20/ton to recycle—when markets can be found for it at all—versus deposit glass that has a $20/ton scrap value. We estimate that the value of the single stream, curbside scrap after repeal would be $2.6 million annually.

- **Municipalities will incur $7.2 million in increased collection and disposal costs** for the higher volumes of beverage container trash generated. Municipalities will also have to deal with more beverage container litter, which will increase their litter collection costs.
The net benefit of these new costs and revenue sources would be $4.9 million per year, or $35 million over 7 years. For the eighth year and beyond, municipalities will spend $4.6 million more per year than they do currently; these are new costs to handle new materials.

However, these net gains are completely contingent upon the 4¢ beverage fee remaining at 4¢ (i.e., not being reduced to 1¢), and on the fee collection and grant funding program being continued for seven years (i.e., not sunsetting sooner, or after a certain amount of money is collected). If either of these conditions are not met, cities and towns will be stuck with larger operational responsibilities than they have now—responsibilities that will cost them $4 million annually—with no financial offsets.

For example, both Massachusetts and Delaware have seen their recycling funds redirected to the General Fund, and are no longer available for dedicated recycling programs or for litter abatement.

**LOSER: State of Connecticut.** According to CT DEEP, $31.4 million in unclaimed deposit revenue was remitted to the State of Connecticut in 2015. If the bottle bill were to be repealed, unclaimed deposits would disappear as a revenue source. One half of the 4-cent fee, or $28.6 million per year, would be kept in the General Fund, for a net loss to the General Fund of nearly $2.8 million per year, or $28 million over a 10-year period. After 7 years, the fee goes away and the state general fund would receive no fee revenue, leaving a loss of $31.4 billion, compared to today.

The State (including various agencies and businesses in the state) would also be saddled with an additional litter burden from beverage containers consumed away from home, with no financial incentive for consumers or others to return them. CRI has estimated that the current savings in avoided litter-related costs due to the bottle bill is nearly $2 million. This is a combination of avoided litter cleanup costs (estimated at $0.43 per capita) and the avoided costs of personal injury and damage to farm equipment and livestock (estimated at $0.10 per capita). With a deposit program in place, these avoided costs are actually spread out among state highways departments, municipal public works departments, and other public and private entities. We have combined them here under the "State of Connecticut" as a simplification.

The combination of these costs leaves the State almost $5 million in the hole per year, or facing a $133 million loss over 10 years.

Finally, SB 996 is structured to impose costs on the State that are less easily quantified. For 9 months prior to repealing the deposit law, distributors of new beverage types (juice, tea, sports drinks, and small liquor containers) must pay the 4-cent recycling fee, and the proceeds of that fee will be used for the state to pay extra handling fees for containers redeemed at redemption centers only, not retailers. Our initial analysis shows that these temporary handling fee reimbursement costs may be $1.2 million. However, early beverage fees from the same 9-month period are projected to total $4.3 million, leaving the State with a net gain of $3.1 million in the General Fund. It is unknown whether this will be turned over to the DEEP for administrative costs they must incur in the complex task of tracking 9 months of supplementary handling fees paid to redemption centers. No administrative/payment relationship presently exists between redemption centers and the state; one would have to be created. It seems like a fairly onerous task for a short period of time.
While one section of SB 996 repeals the bottle bill on July 1, 2018, another section has provisions for refunding deposits to retailers until August 31, 2018. Yet there is the practical matter of who will pick up returned deposit containers from retailers for transport to end users (recyclers). Distributors will no longer be obligated to continue their recycling business relationships with retailers and redemption centers, or with collection “agents,” who they now pay to collect, transport, and minimally process deposit recyclables, and sell them to market. The possibility of containers accumulating without a means of transport is likely to be a bigger problem for glass bottles than for PET plastic bottles and aluminum cans, which are more valuable.

**LOSERS: Redemption centers and retailers** Without the approximately $3 million in annual handling fees that they need to operate, 23 redemption centers in Connecticut will go out of business. Additional grocery store workers who handle redemption will also be affected by the loss of $9 million in handling fee revenue a year. Based on a recent jobs study in neighboring Massachusetts, CRI estimates that 500-600 full-time equivalencies will be adversely affected by a bottle bill repeal in Connecticut. (CRI estimated the split between redemption centers and retailers based on data from other states.)

**LOSER: Consumers.** As SB 966 is written, the 4¢ recycling fee would be passed directly onto consumers at the point of sale. It would not be subject to tax. And perhaps needless to say, unlike the 5¢ deposit, it would not be refundable. At current rates of beverage purchasing, consumers would pay $57 million a year in non-refundable beverage fees, half of which will go straight to the General Fund. This adds up to $400 million over the seven-year period during which the fee is levied.

**LOSER: The environment.** The environment also stands to suffer if the bottle bill is repealed. CRI estimates that in 2015, more than 32 thousand tons of aluminum, plastic, and glass carbonated beverage containers were redeemed through the deposit program. This was accomplished via the 51% redemption rate. Additionally, CRI estimates that about 10% of containers sold were recycled through existing curbside programs, or about 6 thousand tons, for a total of about 38 thousand tons.

As previously noted, however, CRI estimates that under the elimination of the deposit system, the recycling rates for the aluminum, plastic, and glass containers that formerly had deposits could drop to 46%, 17%, and 25% respectively, generating approximately 16 thousand tons of former deposit material per year. **This is an annual loss of about 22 thousand tons that had previously been recycled, and would become trash.** Even that is an optimistic scenario, because it is well known that deposit material is of a much higher quality than material that comes through single-stream recycling and MRF processing; so the actual amount recycled under a repeal will be significantly lower due to material contamination, and sorting and processing losses.

The 22 thousand tons of new bottle and can trash represents not just additional material clogging up landfills and incinerators across Connecticut—containers that used to be recycled--but additional beverage container litter, as discussed above.

There are also energy and greenhouse gas impacts from the loss of 22 thousand tons of recyclables. When glass, aluminum, and plastic containers are wasted rather than recycled, they must be
replaced with containers made from 100% virgin materials, whose manufacture requires tremendous amounts of energy, and generates CO₂ and other potent greenhouse gasses. CRI estimates that the energy squandered in replacing these wasted containers could supply the total residential energy needs of over 4 thousand Connecticut homes for a year. We further estimate that over 19 thousand tons of greenhouse gas emissions would be generated by replacing 22 thousand tons of newly-wasted bottles and cans with new containers made from virgin materials. This is equivalent to the annual emissions from 3,807 passenger cars.

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

Beverage containers make up about 5.5% of the waste stream by weight. But 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/Usman Valiente.) It is therefore extremely important to recycle beverage containers, and to make the materials into industrial feedstock.

All of the foregoing should make it abundantly clear that under a bottle bill repeal, the environment will be a loser.

A bottle bill repeal would set Connecticut back

As Figure 2 shows, Connecticut’s deposit program recycles 400 beverage bottles and cans per capita: nearly twice as many as the average in non-deposit states (about 230). It is clear that Connecticut’s program is successful, and the proposed changes would unnecessarily dismantle the program.

Figure 2: Per Capita Containers Recycled in Deposit and Non-Deposit States - All Container Types, 2010

The Worldwide Trend is Toward Bringing More Beverage Containers into Deposit Programs
There are more than 40 container deposit programs worldwide. Since the year 2000, there have been 17 new and expanded deposit laws around the world, affecting more than 100 million people worldwide. 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. New comprehensive deposit programs started in Hawaii and Germany in 2005; Fiji, Guam, the Northern Territory of Australia, Turks & Caicos in 2011; Lithuania in 2015; and Western Australia, New South Wales, and Queensland in 2016.

For all of the above reasons, the Container Recycling Institute opposes the passage of SB 996, and rejects any measures that would reduce the scope of Connecticut’ container deposit program, the most effective recycling program in Connecticut.

About the Container Recycling Institute (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.

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### Winners and Losers: A Financial Analysis of Connecticut Senate Bill 996:

Following repeal of Connecticut’s bottle bill on July 1, 2018, with a new, temporary 4¢ fee on carbonated and non-carbonated beverages*

<table>
<thead>
<tr>
<th>Annual savings/(costs), unless otherwise noted</th>
<th>Who Wins?</th>
<th>Who Loses?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Existing Handling Fees Paid by Beverage Distributors to Redemption Centers &amp; Retailers (a)</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>4¢ Fee: Payments to General Fund &amp; New Recycling Fund; and Grants From a New Recycling Fund (b)</strong></td>
<td>Recycling industries and businesses could receive 1/3 of grant funding. MRFs would also receive some former deposit containers, and would incur new processing costs and scrap materials revenue from municipalities increasing the tonnage (recycling and garbage) in their contracts.</td>
<td>Without the handling fees they need to operate, and a lag time in the distribution of grant funding. 23 redemption centers will go out of business.</td>
</tr>
<tr>
<td><strong>Collection, Processing, &amp; Disposal Costs (c)</strong></td>
<td>Private waste haulers may gain contract revenue and scrap materials revenue from municipalities increasing the tonnage (recycling and garbage) in their contracts.</td>
<td>Additional grocery store workers who handle redemption will also be affected, based on a recent jobs study in neighboring Massachusetts.</td>
</tr>
<tr>
<td><strong>Sale of Scrap Material (d)</strong></td>
<td>$2,613,129</td>
<td>($6,126,412)</td>
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<tr>
<td><strong>Unclaimed Deposits (State’s loss of) (e)</strong></td>
<td>-</td>
<td>($31,449,674)</td>
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<tr>
<td><strong>Refund Revenue (f)</strong></td>
<td>-</td>
<td>($1,640,865)</td>
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<tr>
<td><strong>Litter-Related Costs, statewide (g)</strong></td>
<td>-</td>
<td>($1,919,639)</td>
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<tr>
<td><strong>Net Annual Total Per Stakeholder: First 7 years (h)</strong></td>
<td>$9,535,361</td>
<td>($3,094,706)</td>
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<td><strong>7-Year Total for Each Stakeholder (i)</strong></td>
<td>$66,747,528</td>
<td>($9,284,118)</td>
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<tr>
<td><strong>Net Annual Total Per Stakeholder, after 7 years (j)</strong></td>
<td>$0</td>
<td>($33,369,313)</td>
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<tr>
<td><strong>10-Year Total for Each Stakeholder (k)</strong></td>
<td>$66,747,528</td>
<td>($133,450,547)</td>
</tr>
</tbody>
</table>

*See next page for notes, sources, and assumptions.

Prepared by the Container Recycling Institute, April 2017

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Notes, sources, and assumptions, for

Winners and Losers: A Financial Analysis of Connecticut Senate Bill 996:

Following repeal of Connecticut’s bottle bill on July 1, 2018, with a new, temporary 4¢ fee on carbonated and non-carbonated beverages*

(a) Handling Fees Paid by Beverage Distributors to Redemption Centers & Retailers: Based on (293 million beer deposit units sold in 2015 x 51.5% redemption rate x 0.5¢ handling fee) + (992 million non-beer deposit units sold x 51.5% redemption rate x 2¢ handling fee). The financial impacts of the higher handling fees temporarily levied on deposit beverages from 10/1/17 to 7/1/18 (the 9 months prior to bottle bill repeal) are evaluated in a separate document.

(b) 4¢ Fee: Payments to General Fund, and Payments to + Grants From, a New Recycling Fund. Payments into a recycling fund are estimated at 4 cents per container x 1.4 billion units sold for a total of $57.2 million per year. Municipalities, haulers, and private recycling industries would share in receiving grants amounting to 2¢ of every 4¢ collected, and we assume the General Fund would keep the final two cents. The 4¢ fee applies to additional beverage types compared to the existing deposit program. The financial impacts of the "early" beverage fees levied on 4 beverages from 10/1/17 to 7/1/18 (the 9 months prior to bottle bill repeal) are evaluated in a separate document.

(c) Collection, Processing, & Disposal Costs: Beverage companies: assumes 2015 deposit sales multiplied by 51.5% redemption rate, multiplied by collection & processing costs of $0.01/unit. Municipalities: CRI estimates that cities will have 22,354 new tons of trash to collect and dispose of, at a cost of about $150/ton. They will also have an estimated 7,666 new tons of recycling to collect and process at cost of about $136/ton (glass), $1,200/ton (PET & HDPE), and $765/ton (aluminum), before scrap sales (based on Ontario Blue Box Program Pay-In-Model Fee Calculations). The combined collection and processing costs for new municipal trash and recycling collection is almost $7 million/year.

(d) Sale of scrap material: Under the bottle bill, beverage companies (bottlers and distributors) retain the revenues from the annual sale of 32,000 tons of scrap material returned for refund. At current market prices, this material has a scrap value of over $6 million.

Current conditions: In 2015, 51.5% of deposit containers were redeemed for the nickel. Deposit material is cleaner, and commands higher prices, than material collected through single-stream recycling and processed at a materials recovery facility (MRF). The scrap value of clean, color-separated glass is $20/ton in deposit programs, and is negative ($20/ton) in Connecticut curbside programs. Plastic scrap is worth about $300/ton for deposit material, but only $180/ton for curbside material. Aluminum currently has a value of approximately $1,160/ton for both deposit and curbside cans.

Under repeal: Under the deposit law, beverage companies would lose the $6 million they now keep in scrap revenues, because cities and towns (or their contracted private waste haulers) would do collection and processing instead. However, this same material would translate to lower scrap revenues for municipalities, because only 17%-46% of beverage containers would be recycled in curbside and other recycling programs. The rest would be trash. With lower recycling rates and lower material values, municipalities would gain about $2.6 million in scrap revenue annually: only one third of what the beverage companies would be losing, and not enough to fully offset $7 million in new collection and processing costs (for recycling and new trash).

(e) Unclaimed deposits: total based on 1.285 billion units sold x 51.1% redemption rate. The State of Connecticut keeps 100% of unclaimed deposits; they would lose this money under a repeal.

(f) Refund Revenue. 656 million deposit containers were redeemed in 2015. We assume charities return 5% of all containers redeemed. With a 5¢ deposit, this comes to $1.6 million annually.

(g) Litter-Related Costs: Based on savings of $0.43 per capita in avoided litter clean-up costs, and $0.10 per capita for avoided costs of personal injury and damage to farm equipment and livestock (as per "Estimating Beverage Container Litter Quantities and Cleanup Costs in Michigan." Container Recycling Institute, April 2015, and scaled proportionately for CT based on relative per capita containers redeemed). With a deposit program in place, these avoided costs are actually spread out among state highways departments, municipal public works departments, and other public and private entities. We have combined them here under the "State of Connecticut" as a simplification.

(h) Net Annual Total Per Stakeholder: First 7 years: Sum of the above expenditures and revenues in each column.

(i) 7-Year Total for Each Stakeholder: Net annual total times 7. Note that because redemption centers are dependent on handling fees to offset their operating costs, they will go out of business with a bottle bill repeal. Employment at grocery stores handling redemption may also be affected. Also note that the placement of the beverage industry in the "Losers" block and the placement of municipalities in the "Winners" block is contingent upon the 4¢ fee staying at 4¢ (ie. not being reduced to 1¢), and on the fee collection and grant funding program remaining in place for seven years, with no dollar cap.

(j) Net Annual Total Per Stakeholder, after 7 years: after the beverage fee sunsets, no fees will be levied on consumers, and no recycling grants will be distributed. Collection and processing costs for municipalities will remain, and State revenue losses (from unclaimed deposits) will remain.

(k) 10-Year Total for Each Stakeholder = 7 year total + (3 x subsequent annual totals). This is contingent on the beverage fee staying at 4¢, and on the 4-way allocation of grant funding as currently (March 31, 2017) specified in SB996.

(l) Redemption Centers & Retail Stores: To determine handling fee impacts, we estimated that 25% of deposit refunds are issued at redemption centers, and 75% at retail stores. To determine the potential job impacts for redemption centers and retail stores, we used redemption-related job data gathered for Massachusetts in the report: "Massachusetts Container Deposit Return System: 2016 Employment and Economic Impacts in the Commonwealth." Industrial Economics, Inc., for the Container Recycling Institute, March 2017, and we then scaled for Connecticut-specific redemption numbers.

(m) Consumers: SB996 permits distributors and retailers ("dealers") to pass the 4¢ beverage fee directly on to consumers at point of sale.

(n) State of Connecticut: The state currently keeps 100% of unclaimed deposits ($31 million a year), and would lose this with a deposit repeal and replacement with a 4¢ fee. SB996 specifies that half of the fees collected annually (or 2¢ of every 4¢) will be placed in the General Fund for seven years.

(o) Charities as beneficiaries of the deposit program: CRI estimates that 5% of all deposit refunds are collected by or donated to charities. With a bottle bill repeal, this funding source would disappear.

Additional trash created: CRI estimates that in 2015, over 38,000 tons of aluminum, plastic, and glass deposit containers were redeemed and recycled in Connecticut. With the elimination of the deposit system, CRI estimates that the recycling rates for non-deposit beverages in aluminum, plastic, and glass will drop to 46%, 17%, and 25% respectively, generating approximately 16,000 tons of material collected for recycling: a loss of about 22,000 tons that had previously been recycled, but would become trash. Even that is an optimistic scenario, because it is well known that deposit material is of a much higher quality than material that comes through single-stream recycling and MRF processing; so the actual amount recycled if there was a repeal would be significantly lower due to material contamination, and sorting and processing losses.

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CRI Opposes SB.996

Container Recycling Institute, April 4, 2017

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