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The Honorable Thomas Saviello, Co-Chair
The Honorable Ralph Tucker, Co-Chair
Committee on Environment and Natural Resources
c/o Legislative Information
100 State House Station
Augusta, ME 04333

**RE: LD 1703 “An Act To Create Equity for Wine and Spirits Container Deposits”
– OPPOSE**

Dear Chairman Saviello,

The Container Recycling Institute opposes LD 1703 HP 1183, entitled “An Act To Create Equity for Wine and Spirits Container Deposits.” CRI is not aware of any jurisdiction in the country that has decreased their deposit charged on any category of recyclable container. An amendment of this nature is unprecedented for a multitude of reasons. Decreasing the deposit value would disincentivize returns of wine and spirits containers, which would decrease redemption rates, increase landfilling, increase costs for municipalities and taxpayers, and increase greenhouse gas emissions. **While we agree that the current deposit policy in Maine can be reformed for the better, this proposed legislation is not the answer. Maine, with an impressive redemption rate of 90%, is a leader in recycling - this bill would chip away at that success.**

Flawed language (“MORE than” versus “LESS than”) could eliminate redemption of wine and spirits altogether.

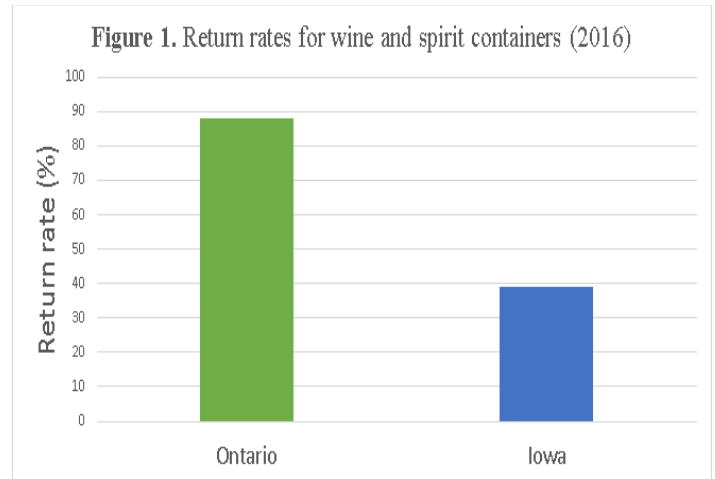
The newly proposed language makes a single change: that the refund on wine and spirits containers, regardless of size, “the refund value may not be **more than 5¢.**” (Emphasis added.) Literally interpreted, the refund value could be one cent, or could even be zero, and be fully compliant with the law. Clearly, a redemption value of zero is not a redemption value at all.

This flawed language was codified with last year’s addition of small spirits containers, or “nips,” and needs to be corrected to ensure that the deposit and refund on nips is indeed 5¢, as legislators intended. The “refund value” is correctly referred to several times in the existing law, for other container types, and the language says, “may not be LESS than...” (emphasis added.)

If 5¢ Refund, Evidence Suggests Redemption Rate Would be Slashed in Half for Wine and Spirits

There is evidence that having higher deposit rates for certain beverage containers boosts their return rate. Many container deposit programs in North America recognize that wine and spirits are a challenging category, and the deposit value is commonly higher than for other beverage types. Although Maine currently has an (informally) estimated 90% redemption rate, decreasing the

deposit value on wine and spirits beverage containers would most likely decrease this rate, and might even cut the redemption rate for wine and spirits containers in half. We have seen a similar case in comparing Iowa and Ontario, two locations that have data specific to wine and spirits redemption rates. Iowa's deposit on wine and spirits containers is just 5¢, and their redemption rate is just 39% for those containers. On the other hand, Ontario's wine and spirits' deposit values are 10¢ for smaller containers and 20¢ for larger ones, and Ontario's redemption rate for wine and spirits containers is 78%. **Ontario's deposit amounts are two to four times as high as Iowa's and their redemption rate is twice as high as well.**^{i,ii}



Financial Incentives Matter; Larger Incentives Lead to Higher Redemption Rates

States with higher deposit values tend to have higher redemption rates. The State of Michigan has the highest deposit/refund value in the country, at 10¢, and has the highest overall redemption rate in the United States, at 92% in 2016.^{iii,iv} Other states with lower deposit/refund rates of 5¢, such as Connecticut and Massachusetts, exhibited lower overall redemption rates of 48.5% and 56% respectively in 2016.^{v,vi}

In an effort to raise redemption rates, states have opted to increase their deposit values. After Oregon's return rate hovered around 65% between 2014 and 2016, the state moved to increase its deposit value from 5¢ to 10¢ in 2017 in an effort to reach its redemption goal of 80%.^{vii} Similarly, Alberta, Canada passed an amendment in 2008 which increased their deposit value from 5¢ to 10¢ on containers smaller than one liter and from 20¢ to 25¢ on containers one liter and larger. Alberta's return rate subsequently increased from 75% in 2008 to 85% in 2016.^{viii} Given these trends, decreasing the deposit rate on wine and spirits in Maine is likely to have a negative effect on the redemption rate for those containers.

Multiple Deposit Values are Common and Effective: Volume and Category

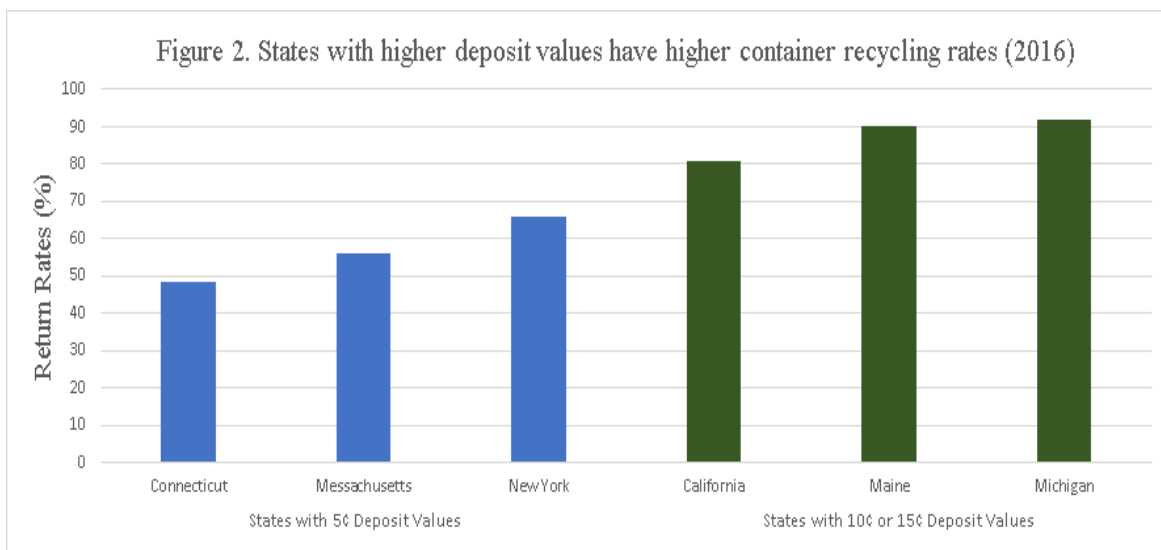
Akin to Maine, California and Vermont have multiple deposit values. Vermont has a similar deposit policy to that of Maine, assigning 15¢ to liquor and 5¢ to all other beverage containers.^{ix} California's policy assigns multiple deposit values to containers of different sizes: 5¢ for containers under 24 ounces and 10¢ for containers 24 ounces and larger.^x Both states exhibit high return rates, with Vermont's 75% return rate and California's 81% return rate.^{xi,xii} Similarly, 11 of the 12 Canadian provinces and territories have deposit policies which assign greater deposit values to some beverage containers than others (based on size and beverage type). These increased deposit values range from 10¢ to 40¢ (in Canadian dollars).^{xiii}

A Need for Modernization, not Regression

When Oregon passed the country's first "bottle bill" in 1971, it created a 5¢ deposit system. Forty-six years later, this 5¢ standard is still popular in many states with deposit laws, despite the fact that the nickel is worth less than 1% of what it was in 1971.^{xiv} This decline in value creates an

increasingly weak incentive for consumers to return recyclable containers and undermines deposit programs across the country. As Maine reforms its deposit laws, there is a need for modernization of deposit values, not regression.

Proponents of LD 1703 argue that assigning the same deposit value to all recyclable containers will make the deposit process less confusing and uniform. *There is no evidence of harm or confusion in the 11 Canadian provinces and four U.S. states that have more than one deposit/refund value.* Furthermore, lowering the deposit value on wine and spirits to match those of other beverage containers would disincentivize container returns and negatively impact redemption rates. As shown in Figure 2, states with higher deposit values exhibit higher redemption rates. Connecticut, Massachusetts, and New York, the deposit states with the lowest deposit values, also exhibit some of the country's lowest redemption rates.



If uniformity of the process is the main goal, Maine should instead raise the deposit rate of other beverage containers to match the 15¢ deposit value of wine and spirits containers, or at least modernize the program to a 10¢ deposit value for all containers. This approach would likely increase the redemption rates on non-alcoholic beverage containers, while avoiding the negative consequences of lowering the deposit value.

Protecting Maine's Consumers

If LD 1703 is passed, Maine's consumers would be the ones to pay, quite literally. Currently, consumers are paying 15¢ in deposit fees for each alcoholic beverage container. If the amendment went into effect today, these consumers would only receive a 5¢ refund for each container and the distributors (or state, if escheated) would profit from the 10¢ difference in deposit rate. This imbalance would further disincentivize container returns and upset Maine's consumers.

The decreased returns that will most likely result from this bill passing will lead to increased litter, which will fall on the shoulders of municipalities. We estimate that the municipalities would likely have to deal with an increased 8,238 tons in glass waste alone. (We calculated this, assuming wine and spirits redemption rates falling from Ontario's rate of 78% to Iowa's rate of 39%.)

Table 1. Deposit values per container in different states. An X denotes the lack of a deposit value for that category. Maine’s program includes more beverage types than any other program in the United States.

State	Beer	Soda/ Carbonated water	Water	Juice, Tea, Energy Drinks, Sports, Other non-carbonated drinks	Wine	Liquor
ME	5¢	5¢	5¢	5¢	15¢	15¢
OR	10¢	10¢	10¢	10¢	X	X
CA	5¢/10¢	5¢/10¢	5¢/10¢	5¢/10¢	X	X
HI	5¢	5¢	5¢	5¢	X	X
IA	5¢	5¢	X	X	5¢	5¢
MA	5¢	5¢	X	X	X	X
NY	5¢	5¢	5¢	X	X	X
CT	5¢	5¢	5¢	X	X	X
MI	10¢	10¢	X	X	X	X
VT	5¢	5¢	X	X	X	15¢

Growing Quantity of Wine and Spirits Containers Sold in Maine

In 2015, 21.5 million containers of wine and 16.5 million containers of spirits were purchased in Maine (CRI BMDA, 2017.) According to *The Drinks Business*, in 2017, “spirits volumes grew by 2.3% and wine by 1.3%.”

Aside from the overall growth rate, the recent growth rates for these beverages in **small** sizes is newsworthy:

“Another key trend helping propel wine and spirits is the rise in alternative packaging and small sizes,” added the IWSR. “For spirits, 50ml and 100ml offerings increased at rates of 18.1% and 13.6% respectively, while 187ml and 500ml wines experienced double-digit growth rates.”^{xv}

The Worldwide Trend: Growth, Expansion and Modernization of Beverage Container Deposit Programs

There are more than 50 beverage container deposit programs in the world. Since the year 2000, there have been 15 new container deposit laws and 10 expansions around the world, bringing new recycling programs to more than 100 million people. 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 in 2015, while ¹three states in Australia, plus Latvia and Cyprus recently announced new container deposit laws. The worldwide trend is clearly to bring more and more beverage containers under deposit programs because of their success at increasing recycling and reducing beverage container litter.

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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 1703 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
President
Container Recycling Institute

Cc:
Senator Thomas B. Saviello, Chair
Senator Amy F. Volk
Senator Geoffrey M. Gratwick
Representative Ralph L. Tucker, Chair
Representative Robert S. Duchesne
Representative John L. Martin
Representative Jessica L. Fay

Representative Stanley Paige Zeigler, Jr.
Representative Jonathan L. Kinney
Representative Richard H. Campbell
Representative Jeffrey K. Pierce
Representative Scott Walter Strom
Representative Denise Patricia Harlow

Dylan Sinclair, Committee Clerk
Daniel Tartakoff, Policy Analyst
Michael Russo, Fiscal Analyst

ⁱThe Beer Store. The Beer Store Responsible Stewardship. 2016.

ⁱⁱ Iowa Alcohol Beverages Division Annual Report, 2016.

ⁱⁱⁱMichigan Office of Revenue and Tax Analysis, Department of Treasury.

^{iv}Informal recycling rate provided by beverage industry lobbyist in testimony to state.

^vJudy Belaval, Connecticut Office of Source Reduction and Recycling, Bureau of MM & CA, Department of Energy & Environmental Protection.

^{vi}Source for 2014 and 2015: Oregon Liquor Control Commission. 2013 and curbside percentages: estimate from Peter Spendelow, Oregon Department of Environmental Quality.

^{vii}Source for 2014 and 2015: Oregon Liquor Control Commission.

^{viii}<https://www.abcrc.com/recycling-facts/>

^{ix}Beverage Container Law. 07 Apr 1972. 10 V.S.A. § 1522.

^xCalifornia Beverage Container Recycling and Litter Reduction Act 29 Sept 1986. AB 2020.

^{xi}Estimate from "Systems Analysis of the Impact of Act 148 on Solid Waste Management in Vermont, Final Report." Prepared for the Vermont Agency of Natural Resources by DSM Environmental, Oct. 21, 2013.

^{xii}CalRecycle. Quarterly Report on the Status of the Beverage Container Recycling Fund (FY 2015-16 - 3rd Quarter). July 2016. Fiscal year data.

^{xiii}Reloop and CM Consulting. Fact Sheet: Deposit Return System: System Performance. 2017.

^{xiv}Consumer Price Index. 2017.

^{xv} <https://www.thedrinksbusiness.com/2018/01/us-alcohol-consumption-drops-for-a-second-year/>