TASK FORCE ON CONTAINER DEPOSITS REPORT

RESEARCH MEMORANDUM NO: 444

LEGISLATIVE RESEARCH COMMISSION

October, 1991

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CONTAINER DEPOSITS REPORT

Prepared by
Task Force on Container Deposits

Legislative Research Commission
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LEGISLATIVE RESEARCH COMMISSION

State Capitol Frankfort, Kentucky 40601 502-564-8100

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M E M O R A N D U M

TO: Interim Joint Committee on Agriculture and Natural Resources

FROM: Representative Jim Maggard, Chairman J.M.
Task Force on Container Deposits

DATE: October 11, 1991

RE: Task Force on Container Deposits Report

The Task Force on Container Deposits was created by Senate Bill 2, passed by the General Assembly in the 1990 regular session, "to study container deposit legislation ... and report its findings ... to the Interim Joint Committee on Agriculture and Natural Resources no later than October 31, 1991."

Members appointed by the Legislative Research Commission on April 3, 1991 to serve on the Task Force on Container Deposits are as follows:

Representative Jim Maggard, Chairman, State Legislator
Senator Charlie Borders, Vice-Chairman, State Legislator
Senator David LeMaster, State Legislator
Representative Harry Moberly, State Legislator
Representative Woody Allen, State Legislator
Representative Ruth Ann Palumbo, State Legislator
John Hinkle, Kentucky Retail Federation
John Medley, Quality Beers Distributing
Mike Brown, Beverage Industry Recycling Program

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William Summers, City of Louisville
Hank Graddy, Kentucky Resources Council
Carita Bergelin, Kentuckians for the Commonwealth
Carl Bradley, Secretary, Natural Resources and
Environmental Protection Cabinet

The Task Force reviewed the experience of states with container deposits, studied the potential economic and environmental effects of a container deposit law upon the Commonwealth, and considered how a container deposit system could be made compatible with existing recycling programs. In its final action, the Task Force chose not to make any recommendations on the issue.

During the 1990-91 interim the Task Force on Container Deposits held six meetings to receive and discuss testimony regarding a variety of container deposit programs, both existing and proposed. Surveys were conducted and studies and evaluations were researched. Copies of all documents received by the Task Force and the minutes and audio tapes of the Task Force proceedings are on file in the LRC Library. Following are some observations and findings resulting from the Task Force's activities.

BACKGROUND

In almost every session since 1978, the General Assembly has considered, but rejected, some sort of bottle bill. Originally, the primary orientation of these bills was litter reduction. In recent years, however, safety, energy, resource recovery, and solid waste reduction considerations have also become important. Meanwhile, about ten other states have enacted some sort of container deposit legislation and many are considering it.

A typical container deposit program requires retailers to pay a 5¢ minimum deposit for containers of certain types and sizes they purchase from distributors. Consumers are, in turn, required to pay the retailer this deposit at time of beverage purchase. The deposit is redeemable at redemption centers where the container can be returned, such as retail stores, recycling centers or other special locations. Since not all containers are returned, the unclaimed deposits (the escheat) become a source of revenue. Usually, the distributors retain unclaimed deposits. In most states distributors pay retailers a handling fee of 1¢ to 3¢ for each container redeemed and are required to take the empty containers back. Currently the main disputes in container deposit states center on (1) whether the handling fees are adequate, and (2) how the unclaimed deposits should be used.

National container deposit legislation has been proposed in Congress since 1970. Even though the issue is not a new one, there is continuing debate on the net benefit to society. Most arguments can be separated into two groups: those that contend that container deposit programs hurt industry; and those that contend that without these programs the environment suffers.

The complexity and nature of container deposit programs mean that many different industries and related programs are affected in ways that are hard to quantify and measure. There are too many variables. The environmental benefits are easier to measure at least as far as reducing litter, conserving energy, conserving natural resources and reducing solid waste is concerned. The degree to which curbside recycling and other environmentally beneficial programs are affected is, however, another matter.

Of those states enacting container deposit legislation, none has repealed its laws and many have expanded them. Public opinion, both at the national level and in Kentucky, seems to support container deposit programs, and for that matter, most recycling initiatives.

In order to focus debate, a few alternative programs are outlined below that are in operation or being proposed in various states. This is intended to show some of the options available and attendant pros and cons, not to recommend any particular legislation.

MICHIGAN - Adopted 1976 by voter referendum.

Deposit Amount: Originally 5¢, 10¢ and 20¢, depending upon container; since 1989 virtually all deposits are now 10¢. Beer, soft drink and canned cocktails are covered.

Who keeps unclaimed deposits? Prior to January 1, 1990, distributors and bottlers kept unclaimed deposits, estimated at \$33-38 million per year. Beginning January 1, 1990, unclaimed deposits were to revert to the state. However, this new provision in the state's container deposit law is currently being challenged and is now in the courts.

Handling Fees: 25% of escheat monies.

Pros:
- Diverted 6-8% of all solid waste from waste stream, thereby saving landfill space.
- In 1988, saved \$37.5 million in disposal costs.
- Created 4,888 jobs, with a loss of 240 existing jobs.
- Increases public awareness of need to recycle waste.

- Reduced roadside litter by 41% one year after.
- Produces a cleaner, less contaminated and thus more valuable recyclable than other recycling systems.

Cons:

- Increase of between 10-15% on beer and soft drink prices in the year immediately following passage of bill. Since that time the price effect has not been determined.
- Resulted in beer distributors making large capital outlays to pay for new trucks, warehouses and recycling equipment.
- Distributors required to pick up redeemed containers, but does not ensure redeemed containers are recycled.
- Special labeling required.
- Not as convenient as curbside recycling.
- Diverts the more valuable materials now collected in curbside programs such as aluminum.

MAINE - Adopted 1976 by voter referendum and expanded in 1990 to include additional products.

Deposit Amount: 5¢ for beer, soda, and juice products; 15¢ for wine and liquor.

Who keeps unclaimed deposits? Presently, the bottlers and distributors; however, there is discussion of the state taking part of the escheat as a source of revenue.

Handling Fees: 3¢ to retail stores and redemption centers for bottle bill related costs.

Pros:

- Recycles between 4.4% and 8.2% of waste stream.
- Recycles about 90% of beer and soda beverage containers.
- Significant reduction in container litter.
- Costs associated with bottle bill are borne by consumers who choose not to redeem containers.
- Incentive to recycle valuable materials such as aluminum.
- Furthers a recycling attitude with consumers.
- Reaches restaurants, multi-family housing, and rural areas not usually covered by curbside recycling.
- Incentive to create container processing facilities.

Cons:
- Expensive method of recycling compared to curbside or dropoff collection systems.
- Only targets beverage containers for recycling.
- Burden to retailers in regard to space, sanitation and cost of labor.
- Competes with municipal recycling efforts.
- Lack of exclusive distributorships for juice products requires the manufacturers to initiate the container deposit. Because of this they have had to hire third party collectors, which is inefficient.

OHIO - Proposed 1991.

Deposit amount: 5¢-10¢, depending on container size, for milk, juice, soft drinks, beer, and liquor.

Who keeps unclaimed deposits? The state, which receives the original deposit from distributors, would keep unclaimed deposits to pay for a 1¢ handling fee, administrative costs, and payments to solid waste districts.

Handling Fees: 1¢ to retailers or redemption centers for each container returned to them. One-half of 1¢ retained by wholesaler to cover costs.

Pros:
- Independent recyclers, curbside programs, and others can act as redemption centers.
- Redemption centers can serve as a recovery or collection mechanism for a variety of materials, not just beverage containers.
- Provide funds from unclaimed deposits for establishing and maintaining solid waste reduction projects.
- Does not require smaller retailers to redeem containers or distributors to pick up empty redeemed containers.
- Gives larger retailers option of redeeming containers or providing a redemption center within one-half mile of their location.
- Does not require additional sorting by brand since distributors are not involved in redemption, thereby significantly reducing handling costs.

Cons:
- Limited number of redemption centers.

- Loss of beverage and food sales to neighboring states without deposit programs.
- Private sector does not control unclaimed deposits.
- Potential increase in costs to Cincinnati's curbside program.
- At a minimum, it increases the cost of "healthy" beverages such as milk and juice for those who do not redeem containers.
- At a certain redemption rate, a deficit would occur and the state would pay out more in handling fees than the unclaimed deposits would cover.

FLORIDA - Proposed 1991.

Deposit amount: 5¢, called a surcharge, on beer, soft drinks, and wine containers.

Who keeps unclaimed deposits? Counties.

Handling Fees: 1¢ of the deposit is retained by counties to cover program costs.

Pros:

- Removes retailers' obligation to provide refunds and take back empty containers. Retailers only collect deposit and transmit it to the state revenue agency.
- Bottlers and wholesale distributors do not have to collect deposits or redeem empty containers.
- County governments, through their redemption centers, would end up with the more valuable recyclable materials (aluminum) which could, in turn, help pay for curbside programs. This eliminates the competitive aspect some container deposit programs have with curbside programs.

Cons:

- Small recyclers may be hurt if counties compete directly with them instead of contracting with them.
- Consumers do not receive the full deposit back.

The deposit programs described in the above outline were chosen as generally representative and not as an exhaustive listing. The pros and cons of each were also not exhaustive so as to avoid a repetition of points.

KENTUCKY SURVEY

At the Task Force's request, a survey question was added to the 1991 Kentucky Health Survey, conducted by the University of Kentucky's Survey Research Center. The question, asked in 625 random digit dialing phone interviews, was as follows:

> There has been much discussion in recent years about the use of disposal containers versus using returnable containers. Some states have passed legislation or are considering legislation requiring a five cent deposit on small cans and bottles and a ten cent deposit on larger containers that is refundable when returned to a place of purchase. Would you favor or oppose passage of such legislation here in Kentucky?

The result of the survey showed that approximately 73% of respondents favored container deposit legislation. Respondents were categorized by income, age and region. A respondent's income didn't seem to make much difference as to whether they favored a container deposit program. All income groups were in favor of it by about a 4:1 margin. Age groups were also similar in their degree of positiveness except for the 18- to 20-year-olds, who were in favor by a ratio of 15:1. The different regions of Kentucky (West, Central, North, Louisville area, Appalachia) were also very consistent in favoring container deposit legislation, ranging from a low ratio of 3.5:1 in favor in the North region to a high of 4.4:1 in Appalachia. This same survey asked if respondents would be willing to pay $2 per month for a curbside recycling program. Approximately 55% of respondents indicated a favorable response to this question.

GAO SURVEY

The United States General Accounting Office (GAO), as part of their 1990 report, Trade-offs Involved in Beverage Container Legislation, conducted a nationwide telephone survey. The results of this survey indicate that the vast majority of Americans, in both deposit and nondeposit states, would support a national deposit law. Support is stronger among residents of deposit states. The GAO observes that a number of other surveys conducted by others yielded similar results.

NATIONAL CONTAINER DEPOSIT PROPOSALS

There are at least two container proposals currently before Congress: HR 997 and S. 1318. HR 997 is a traditional bottle bill which covers beer and other malt beverages, soft drinks, wine coolers, mineral water, and soda water. Distributors would be required to pick up empty beverage containers from retailers. The deposit would be 10¢ and retailers would receive a 2¢ per container handling fee. Distributors would be required to turn over to the federal government any unclaimed deposits which would be used for the U.S. Environmental Protection Agency's pollution prevention and recycling programs. Exempted from the bill's provisions are:

- those states which already have container deposit programs;
- states which set up a container deposit program identical to the provisions of HR 997; and
- states which can demonstrate that they can, within a two-year period, achieve a 70 percent return rate for beverage containers sold in the state.

S. 1318 is not a traditional bottle bill proposal. It is similar to the Ohio proposal described earlier. Under this proposal, the distributor is to deposit with the U.S. Environmental Protection Agency (EPA) 10¢ for each beverage container sold to retailers. Retailers and redemption centers are to refund customer deposits for returned empty beverage containers and then bill EPA for reimbursement. Retailers and redemption centers would also be eligible for a 2¢ per container handling fee if there are sufficient funds available in EPA's unclaimed deposit fund. Unclaimed deposits would also be used to promote comprehensive recycling programs.

Any state which can demonstrate a 70 percent recycling rate or which undertakes a container deposit program similar to the federal one would be exempted from the provisions of S. 1318.

SURVEY OF CONTAINER DEPOSIT LAW STATES

The Task Force asked its staff to survey other states with container deposit programs. With the help of Task Force membership and others, a survey form was developed and sent to ten states (Connecticut, Iowa, Delaware, Vermont, Michigan, New York, California, Maine, Massachusetts and Oregon). Six of these states returned information, and California called to say they didn't consider themselves a "deposit state." A summary of the survey results are outlined below.

- Most container deposit programs started in the mid to late seventies as a result of legislation to control litter.

- Most container legislation has been modified since passage for the purpose of fine tuning or program expansion.

- Although most states have not felt the need to measure public acceptance of their deposit program, those that have found a continuing high level of support.

- Overall return rates on containers seem to run between 73% in New York to a high of 92% in Michigan. These rates are decreasing in some states and increasing in others.

- It is safe to say that redeemed containers are recycled. The question is what percentage, since most states don't prohibit landfilling of redeemed containers. Delaware said that some containers are being landfilled and Iowa amended their law to prohibit this practice in 1989.

- Container deposit programs don't have much effect on refillable container programs.

- Three respondents indicated that the deposit program had a positive effect on recycling programs, and two reported no effect on recycling. On the other hand, not many of them had any idea what their municipal recycling rate was.

- Information on curbside recycling programs is either not kept or there is not any, New York and Vermont being the exceptions.

- Deposit programs appear to have a positive effect on employment.

- Only Iowa and Michigan had an opinion of what private recyclers think about their deposit programs. In both cases those opinions (recyclers) were not negative.

- Only New York and Michigan included information on the cost of the deposit program to retailers or distributors. This key question had been asked by the New York State Moreland Act Commission which contracted with the consulting firm Peat Marwick to find the answers. They were unable to do so.

- Where price surveys have been conducted there seems to have been mixed results. In some cases there was an immediate price increase after the deposit program took effect, as in Michigan, although in Vermont and Oregon this was not the case. However, price differentials with neighboring states without deposit programs seem to dissipate after a few years. There are so many variables at work here that it is difficult, if not impossible, to isolate the exact causes of price differences.
- Most compliance problems reported were of the minor, one-time variety.
- Annual direct costs of administering state deposit programs varied from 0 to $100,000, depending on how involved the state is.

TESTIMONY RECEIVED

The Task Force invited testimony from those individuals and groups that would be directly affected by a container deposit program in Kentucky. Some of their comments and recommendations follow.

NAPCOR

The President of the National Association for Plastic Container Recovery (NAPCOR) told the Task Force at its June 24, 1991 meeting that NAPCOR's primary objective is to facilitate the recycling of polyethylene tenephthalate (PET) containers throughout the United States. In 1990, NAPCOR estimated that 225 million pounds of PET containers were recycled, which is about 30% of all the plastic soft drink containers sold in this country. PET can be recycled into new soft drink containers, non-food containers, and polyester fiber to make carpeting.

NAPCOR is opposed to a mandatory deposit law and favors comprehensive recycling which addresses all types of items. He noted that Kentucky became a national leader eleven years ago when the Kentucky Beverage Industry Recycling Program (BIRP) was established. Kentucky BIRP now has a system of 63 buy-back recycling centers and has paid out $182,500,000 to Kentuckians for recycling materials. In addition, the Kroger Company provides seventeen drop-off recycling facilities; Foodtown provides fourteen drop-off facilities; and WalMart has 92 drop-off facilities.

He noted that the wave of the future is curbside recycling. At present, there are nine Kentucky cities offering curbside pickup, the largest being Louisville and the smallest being Anchorage. By year's end, the Louisville curbside program will achieve citywide status, serving over 100,000 homes, making it one of the largest curbside programs in the United States.

He suggested that the Kentucky General Assembly could take a leadership role in the advancement of recycling by encouraging the following: (1) mandate that all counties adopt a countywide recycling plan; (2) provide funding in support of state-approved county recycling plans; (3) provide tax incentives to businesses involved in all aspects of recycling in Kentucky - hauling, sorting and processing, and transportation; and (4) establish a state-sponsored educational program designed to educate Kentuckians on the need to participate in local recycling programs.

BIRP

The executive director of the Kentucky Beverage Industry Recycling Program (BIRP) addressed the Task Force at its June 24, 1991 meeting. He stated that BIRP was created in October, 1980. Originally the bottlers of soft drinks and beer distributors set up buy-back centers in their places of business. Today, over one-third of the buy-back centers are still owned by BIRP firms. The organization started with approximately twenty buy-back centers and has grown to approximately 65. To assist these centers, BIRP seeks out buyers for the end products the recycling centers are accepting. He said that Kentucky BIRP stands out as a positive national example of contributions by private industry to the recycling effort.

Kentucky BIRP buy-back centers serve 67% of Kentucky's population and are buying back 67.5% of the aluminum beverage containers sold in Kentucky. BIRP buy-back centers, in 1990, bought back 37 million pounds of aluminum, 6 million glass containers and 1.2 million pounds of plastic. BIRP centers and other recycling centers are operated at no cost to the taxpayers of Kentucky. In fact, they have returned to the Kentucky economy $18.3 million every year and have created a major industry with an actual cash impact on the state of $182,500,000 over the past decade.

BIRP has also created a public awareness of the importance of recycling through an aggressive advertising campaign. Bottles and cans are no longer a factor in roadside litter. The administrator of the Kentucky "Adopt a Mile" highway program has reported to BIRP that litter typically collected in the program is paper and styrofoam, not bottles and cans.

During the past ten years, BIRP has purchased from Kentuckians 263 million pounds of aluminum cans; 55 million pounds of glass; 1.6

million pounds of plastic; 174 million pounds of newspaper; and 7,000 pounds of bi-metal cans. BIRP centers pay out more than $50,000 per day to Kentuckians.

The executive director stated that a bottle bill deposit tax, which adversely impacts retailers, grocers, bottlers, and all Kentuckians, is an out-moded and ineffective approach. Solid waste problems are better addressed through a more comprehensive approach which captures a wide array of materials for recycling.

He offered the following alternatives for consideration: (1) low interest loans or grants to firms engaged in recycling; (2) market development assistance for recycled materials; (3) volume-based garbage collection systems; (4) expanded curbside collection; (5) universal garbage collection; and (6) greater enforcement of the state's litter laws.

He stated that if a bottle bill should pass, BIRP would cease to exist and the demise of BIRP would put a major dent in recycling in the state. Also, he said that there would be a loss of jobs and state tax revenue and noted that in states which have adopted a bottle bill, sales of soft drinks declined fifteen to twenty percent and sales of alcoholic beverages declined ten percent.

Tellus Institute Study

The results of a Tellus Institute study of the effects of beverage container legislation on curbside recycling were published in Resource Recycling in June, 1991. The Institute used a computer model to manipulate the many variables involved in trying to answer this key question.

After analyzing four different scenarios, it was conçluded that landfill tipping fees are key to establishment of curbside collection programs. Curbside collection only becomes economical when tipping fees reach a certain level. Specifically, the model showed that where tipping fees are under $25 per ton, there will be no curbside recycling, so a container deposit system will increase total recycling. And if tipping fees are above $48 per ton, the economies will drive curbside programs, regardless of a container deposit law. Thus, the deposit will increase the total amount recycled. However, the model indicated that in the middle range, between $25 and $48 per ton, a container deposit law discourages curbside recycling. The study does not take into account that in communities with both a container deposit law and curbside recycling, some people will find it more convenient to set out their container deposit materials at the curb and forego their deposit. In these cases, the curbside program, itself, can redeem those containers and receive the deposit. The study recognized this possibility, but concluded that there was insufficient knowledge to measure the size of this effect.

City of Louisville

The Director of Solid Waste Services for the City of Louisville appeared before the Task Force at its July 29, 1991 meeting to talk about its curbside recycling program and the possible impact of a bottle bill. He stated that Louisville started a residential curbside pilot project on April 23, 1990 which included 9,000 homes in five neighborhoods. In addition, seven unmanned drop-off centers were strategically located outside the targeted areas to serve the remainder of the city. Both the curbside program and the drop-off centers collected newspaper, clear glass, plastic soda bottles, milk jugs, aluminum and tin cans. The five target areas recycled approximately 12.8% of household garbage during the six-month pilot program. At the end of the six months, the project had diverted over 1,300 tons of waste from both the curbside and dropoff programs. Participation of citizens reached over 80%. Louisville contracted with Waste Management of Kentucky and Recycle America at a cost of $150,000 to run the recycling program; total revenues from the sale of recyclables were $27,000. He said that in February, 1991, the Mayor announced that the curbside program would go citywide. As of this July, approximately 50,000 of Louisville's 95,000 homes are currently participating in the curbside program. The expanded program now takes all colored glass and plastic bottles with a resin code of 1 and 2.

The City of Louisville has committed to curbside recycling at a cost of $2 million annually. A container deposit law would reduce revenues from the sale of recyclables and would increase the cost of the programs. The director said that, in Louisville, containers represent over seventy percent of the sale of their recyclables. And, relating this to the projected annual revenue of $169,000, the program could potentially lose $150,000 annually. He suggested that any container bill should provide some incentives to communities that have recycling programs. He said that, in general, containers have a higher value compared to other recyclables and, once they are removed from the curbside collection program, program costs go up. On the other hand, he said that container deposit legislation may be, for some local governments, their best waste management strategy.

The director indicated that until the City of Louisville has more opportunity to study the economic impacts of a container deposit law with a curbside program, it is difficult for them to take an official position on the issue.

Lexington Recycling

The President of Lexington Recycling, a buy-back center in Lexington that is also involved in drop-off and curbside programs, addressed the Task Force at its July 29, 1991 meeting. He stated that his organization contracts with a lot of large companies for their recyclables and that he is also the contractor for state government's waste paper collection program.

The president predicted that a container deposit law would eliminate his buy-back business and would actually reduce the amount of materials now being collected that would not be covered by a deposit. He stated that a lot of businesses who are not set up to handle these materials will be forced to take them, which may cause some inefficiencies in current collection programs.

He also expressed concern that a bottle bill would create a situation whereby the large processors would dominate the market. He noted that in the Ohio proposal, redeemers get a one-cent handling fee in addition to the scrap value of the container. He said this would be more profit than private recyclers currently operate under. He stated that the curbside program is the most efficient collection program for recyclables that currently exists. Another result of a bottle bill would be consumers switching their purchases to containers not covered by a deposit.

In his opinion, the public likes curbside and they think it is doing well. He questioned the need to introduce something new that may complicate recycling efforts already in place. He also noted that his industry has not been able to support small communities' recycling efforts because of the economics of recycling. He suggested that the cooperative marketing approach being taken by the Bluegrass Regional Recycling Corporation will help these small communities to recycle.

Bavarian Waste Services

A representative from Bavarian Waste Services in Covington spoke before the Task Force at its July 29, 1991 meeting. He stated his company is a municipal contract hauler, landfill operator and a curbside recycling program operator. Citing his experience with municipal curbside recycling programs, he observed that a container bill will not eliminate or significantly reduce the cost of curbside recycling programs since a container deposit would not cover many of the items now being diverted by curbside recycling.

It was his opinion that the profits suggested for redemption centers in the Ohio proposal would increase the presence of larger waste hauling companies and would hurt the small buy-back centers. He ended by saying that he would like to see a proposal that would extract a fee or penalty on packaging with the lowest recyclable value. He also suggested an alternative to the bottle bill would be the imposition of a fee rather than a deposit, at the wholesale level, set at two to three cents a case. He said this money could be collected and dispersed by the Economic Development Cabinet to help small recyclers.

Can-Man Recycling

The owner of a small buy-back center, Can-Man Recycling, in Munfordsville, also testified before the Task Force on July 29, 1991. He told the Task Force that a container deposit law would help his business. It would give small redemption centers a share of the market without being pushed out of business. He favored a handling fee in excess of one-cent per container.

ENVIPCO

The chief executive officer of the Environmental Products Corporation (EVIPCO) appeared before the Task Force at its August 20, 1991 meeting to talk about container deposit programs in general and his company's reverse vending machine for collecting recyclables. His company, which is twelve years old, makes and operates automated beverage container redemption equipment. At the present time they have 1,200 locations in five states, own 4,000 pieces of equipment, expect to recover 1.3 billion containers in 1991, and gross about $41 million in income. They operate in those states and Canadian provinces that have deposits on beverage cans and bottles.

He observed that container deposit programs fall into two categories: (1) the traditional bottle bill; and (2) the new style approach. The old style of bottle bill legislation exists in Oregon, Iowa, Michigan, Connecticut, Maine, Vermont, Delaware, Massachusetts and New York. He noted that Delaware exempts aluminum cans from their deposit law. Benefits of the traditional bottle bill are (1) high recycling rates because of the monetary incentive and convenience; (2) reduced litter on highways, parks, and beaches; (3) recycling ethic instilled in consumers; and (4) minimum government involvement. The negative results of this type of legislation are (1) a burden placed on stores, especially smaller dealers; (2) a burden for soft drink and beer distributors and a loss of market share for small distributors; (3) dislocation in the packaging mix; (4) inconvenience for consumers to return; and (5) reduces incomes for traditional recyclers and curbside programs. He stated that even though his company makes money in the traditional bottle bill states, they do not advocate to other states adoption of a traditional bottle law.

ENVIPCO prefers the new style of container deposit law which incorporates the following features: (1) all deposits are paid into a central state fund; (2) distributors have no further involvement after sending deposits to the state fund and the empty containers flow through the recycling/processing chain rather than back to distributors; (3) large supermarkets have a mandate to provide redemption opportunity, small stores are exempted from this responsibility, and surplus monies in the state fund are used to provide redemption opportunities in rural areas; (4) redemption centers are required to take back all containers covered by a deposit, making it easier for the consumer; (5) "old line" recyclers and curbside programs get most of the volume; and (6) a curbside program can be compensated from the fund for any revenue shortfall.

California is the first state to take the newer approach. Other states where this type of legislation has been introduced include Virginia, Florida and Ohio.

He explained how ENVIPCO's reverse vending machine works in California. Consumers put their recyclables in the machine located outside a store. The machine then sorts the containers and gives the consumer a coupon to cash in the store. The store then turns over the coupons to ENVIPCO and is reimbursed for the money paid out to consumers. Then ENVIPCO goes to the state fund and requests payment for redemptions made to the store. Out of the pool of unclaimed deposits in the state fund comes a handling fee for every container redeemed at the supermarkets. He recommended a two-cent handling fee. He also stated that he did not feel that any state could get above a forty percent recycling rate without incentives like those in a container deposit system.

Kentucky Conservation Committee

The President of the Kentucky Conservation Committee (KCC) testified before the Task Force at its August 20 meeting. She stated that the KCC is a coalition of environmental organizations and concerned citizens whose mission is to coordinate efforts on environmental legislation through education, lobbying and monitoring at the state level.

She stated they were established in 1975, are based in Frankfort, and for the past ten years have supported container deposit legislation. She noted that states with container deposit legislation represent a disproportionately large percentage of the nation's recycling.