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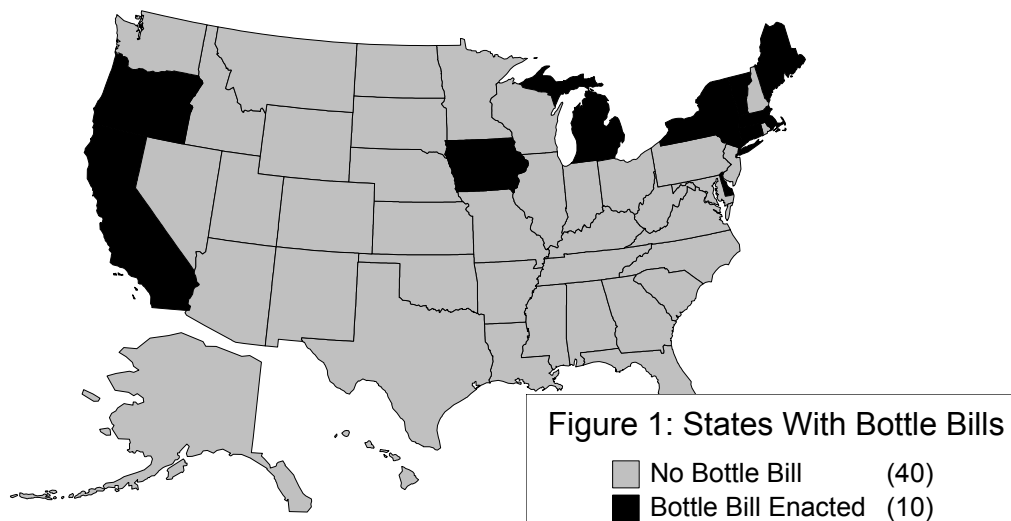
The Vermont Legislative Research Shop

Bottle Bills

A 'bottle bill' is a law that requires a minimum refundable deposit on beer, soft drink and other beverage containers in order to insure a high rate of recycling or reuse. There are 10 states that have enacted such "bottle bills." Bottle bills attempt to encourage consumers to return bottles to a dealer, where they subsequently receive a deposit pre-determined by state law. After redemption, the dealer receives a handling fee from the distributor, which is also pre-determined by the state. Thus, both the dealer and returnee receive monetary compensation for specified bottles returned (Container Recycling Institute 2002).

States with Bottle Redemption

Currently, California, Connecticut, Delaware, Iowa, Maine, Massachusetts, Michigan, New York, Oregon and Vermont have bottle bills (U.S. Environmental Protection Agency 2001). Figure 1 maps those states which have bottle bills. The Appendix lists state-specific information regarding bottle bills in greater detail.



Source: (U.S. Environmental Protection Agency, 2001)

Representative Experiences of Bottle Bill States

Vermont

Vermont passed the nation's first beverage container law in 1953, banning the sale of beer in non-refillable bottles. The legislature allowed the law to expire four years later after strong lobbying from the beer industry. Vermont's current bottle bill was the second enacted in the U.S. The original law covered all beer and soda containers and was the first to include a handling fee for retailers. The handling fee was originally 20 percent of the deposit value, but in 1990 it was increased to 3 cents per container. Vermont's high handling fee has created a large number of redemption centers across the state, making redemption extremely convenient (Northeast Recycling Council, 1998).

Vermont's return rate for deposit containers remains high. The redemption rate for liquor bottles is estimated by the Vermont Department of Liquor Control to be 72 percent. Beer containers are returned at a rate of 97 percent according to the Vermont Wholesale Beverage Association and the Vermont Soft Drink Association estimates the return rate for their containers to be 90 percent. The Department on Environmental Conservation (DEC) estimates that 15,854 tons of beer, soft drink, and liquor containers were diverted from the waste stream and recycled in 1994, an increase of 3,499 tons over the tons diverted in 1993. The 15,854 tons of deposit containers recycled represents 6 percent of total waste diverted in 1994. The DEC also reports that, despite the rural nature of the state, approximately 52 percent of Vermonters have access to roadside collection of recyclables (Northeast Recycling Council 1998).

California

California enacted their first bottle-bill in 1986, which established the California Refund Value (CRV) tax on carbonated beverage containers, including soft-drinks, beer and wine coolers. The program was then expanded in 1999 by SB 332, which expands the original bill by including non-carbonated, beverage containers - coffee drinks, teas, bottle water, sport drinks and juice-in the CRV tax. The bill was expanded in 1999 due to the fact that that many of these types of drinks did not exist in 1986. The state estimated in 1999 that over 2 billion additional beverage containers will carry CRV tax in the year 2000. Brand names that carry the CRV tax after 1999 are, Gatorade, Snapple, Starbucks Coffee, Ocean Spray, Slim Fast, Arizona Iced Tea and V8 Splash (Merced County Association of Governments 2001).

Michigan

Michigan instituted their own bottle bill in 1976 through 445.571. The bill included beer, soft drink, and carbonated and mineral water. The original purpose of the bill was to reduce roadside litter, clean up the environment, and conserve energy and natural resources. The Bottle Bill put a 10-cent deposit on beer, carbonated soft drinks, and mineral water. In addition the Bottle Bill put a 5-cent deposit on refillable beverage containers. In 1988 it was amended to include wine

coolers and canned cocktails. In 1989 Michigan passed a law-giving retailers 25 percent of the unclaimed deposits. The other 75 percent is deposited in the state's environmental fund (Stutz and Gilbert, 2000).

In a report created for the Michigan Great Lakes Protection Fund, data was released stating that with the expansion of the current Michigan bill to include virtually all non-carbonated beverages, the recycling rate would remain at 98.9%, but the amount of containers recycled would increase from 3.9 billion containers to 4.5 billion containers (Stutz and Gilbert 2000).

Canadian Provinces with Bottle Redemption

Every province in Canada but two has some form of policy or regulation with regard to beverage container waste management. In eight provinces the laws require a deposit-return system for most or all beverage containers. This forces the producers and retailers to bear the costs of the system—full producer responsibility. The two provinces that don't have bottle bills are Manitoba and Ontario (Container Recycling Institute 2002).

In eight provinces, a deposit-return system is the type of economic instrument adopted to encourage producer responsibility for soft drinks. In all ten provinces, beer containers are collected via deposit-return systems because of either government mandate or industry self-regulation (Container Recycling Institute 2002).

There are two provinces, which do not have a deposit return system, Manitoba and Ontario. Manitoba has a curbside recycling system in which local governments are reimbursed 80% of curbside collection cost by charging product manufactures a fee. Thirty-five percent of containers are recycled under this system. Ontario requires that 30% of soft drinks be sold in refillable containers, which are defined as containers that are generally considered environmentally preferable to one-way containers—containers designed for a single use. The Canadian provinces, with the exception of Ontario, exhibit a consistent preference for requiring full producer responsibility for beverage container packaging. With the exception of Manitoba and Ontario, the provinces achieve exceedingly high recovery rates for beverage packaging (Container Recycling Institute 2002).

Conflicting Opinions on Bottle Bills

Opponents to bottle bill legislation believe the costs related to mandatory deposits outweigh any recycling benefits. Opponents contend that the deposits are too costly for consumers, ranging from four to 11 cents per container (The National Association for PET Container Resources 2002).

Since 1972, the Can Manufacturers Institute (CMI) has been an opponent of forced deposit legislation. CMI believes that government intervention into the market for recyclable materials should not be allowed and that recycling works best when consumers are given the opportunity to recycle. Where deposit laws exist, CMI has asserts that each container type must pay for the cost of its recycling and that no public monies or competing container subsidies should affect these costs (Can Manufacturers Institute 2002).

The Glass Packaging Industry (GPI) also opposes forced deposits because they believe that deposits impact a relatively small percentage of the waste stream. An example given was beverage containers are only 3.5 percent of municipal solid waste by weight and only 2.5 percent by volume (not independently verified). They believe also that forced deposit systems result in higher beverage prices because of the increased costs to manufacturers, distributors and retailers for labeling, handling, storage, accounting, reporting, transporting, and other costs. Moreover, the GPI states that citizens can have difficulty remembering which materials go back to the store and which are recycled at curbside. The GPI claims that when recycling rates in comprehensive recycling states are compared with recycling rates in adjacent forced deposit states, the comprehensive states always have higher recycling rates (Glass Packaging Institute 2002).

A Congressional Research Service report (CRS) commissioned in 1993 investigated whether curbside recycling programs and deposit-return systems are compatible. The CRS concluded that although the two types of programs are not designed to serve exactly the same purposes, enactment of a bottle bill does not appear to prevent operation of successful curbside programs. Indeed, curbside programs are more common in deposit States than in non-deposit States. Although Deposit systems "skim" potential sources of revenue from curbside programs, they also reduce operating costs of curbside collection and processing. Interestingly, the CRS also found that because the bottles and cans are sorted and handled individually when returned to retailers, the materials collected by deposit systems are generally of a higher quality than curbside materials, particularly if the latter are commingled during collection (McCarthy 1993).

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Appendix: Comparative State Bottle Bills: Document produced by the Container Recycling Institute, 11/20/2000. http://www.bottlebill.org/USA/states-all_deposit_systems_11_00.htm

State	Containers Covered	Amount of Deposit	Redemption Rate	Reclamation System	Un-Redeemed Deposits	Handling Fee	Unique Features
CA	beer/malt beverages carbonated/non-carbonated soft drink, fruit drinks, sports drinks, and water, coffee and teas, wine coolers and distilled spirits coolers	2.5 cents for <24oz 5 cents for >24 oz.	(1999) Aluminum: 80% Glass: 71% Plastic: 79% Bimetal: 11% Overall: 76% (1999)	state certified redemption centers, registered curbside operations, drop-offs	used for administration of the program and for grants to non-profits	per container processing fee	1.Containers are returned to licensed centers instead of retailers 2.Unclaimed deposits go toward program administration and funding to recycling programs
CT	beer/malt/soft drink mineral water	Minimum 5 cents	No stats. Available	retail stores and redemption centers	retained by distributor/ bottler and retailers	beer 1.5 cents soft drinks 2 cents	1. There is a "Dislocation fund" for workers who lose their jobs because of bottle bill 2.Handling fee varies according to container type
DE	Non-aluminum/beer malt/ale/soft drink mineral water and soda water <2 gal.	5 cents	No stats. Available	retail stores and redemption centers	retained by distributor/ bottler	20% of deposit	Exempts aluminum can from the deposit system
IA	beer/soft drink/ soda water/mineral water/ wine coolers/wine/liquor	5 cents	(2000) cans (soda): n/a pet (soda): n/a beer: n/a liquor: 59% wine: 55%	retail stores and redemption centers	retained by distributor/ bottler	1 cent	1.Wine/liquor containers included 2.Deposit containers banned from landfills beginning in 1990 3.If agreement exists with licensed center, retailer can refuse containers
ME	all beverages except dairy products and unprocessed cider	beer/soft drinks juice/water/tea/ wine coolers are 5 cents wine/liquor, 15 cents	No Stats. Available	retail stores and redemption centers	retained by distributor/ bottler and retailer	3 cents (originally 2 cents)	1.Retailer may refuse containers if licensed center within certain radius 2.Distributors initiating deposits must pick up containers returned to retailers and licensed centers 3.Out-of-state co. tendered=\$100 fine
MA	beer/soft drink carbonated water	5 cents	(1999) Overall: 72%	retail stores and redemption centers	all unredeemed deposits are property of the Clean Environment	2.25 cents (originally 1 cent)	1.Wholesalers must file monthly reports with Department of Revenue

					Fund as of 1995		regarding deposits and refunds 2. Escheat amendment passed--1989
MI	beer/soft drink/wine cooler canned cocktails carbonated/mineral water	refill 5 cents non-refill 10 cents	(1999) Overall: 95%	retail stores	75% retained by state for environmental programs, 25% for retailer handling fees	25% of unclaimed deposits	Escheat provision causes 75% of unredeemed deposits to become state funds and the remaining 25% goes to the retailers as a handling fee
NY	beer/malt beverages carbonated soft drinks mineral water/soda water wine coolers	5 cents	(1999) soft drink: 65% beer: 79% wine coolers: 38% overall: 72%	retail stores and redemption centers	retained by distributor/bottler	2 cents (as of 12/01/98)	Requires reporting of containers sold and redeemed by bottlers and beer distributors
OR	beer/malt/soft drink carbonated/mineral water wine cooler	standard refill 2 cents non-refill and non-standard refill 5 cents	(1997) Overall: 90%	retail stores	retained by distributor/bottler	none	Only deposit law with no handling fee
VT	beer/malt/soft drink mineral water/mixed wine drinks liquor	beer/malt/soft drinks/ carbonated/mineral water 5 cents, liquor 15 cents	(1999) Overall: 95-98%	retail stores and redemption centers	retained by distributor/bottler	3 cents	If a retailer is located conveniently near a licensed center and thereby retailers gains state approval, retailer may refuse containers

This report was completed by Stephanie Bennett, Matthew Reed and Steve Adams under the supervision of Professor Anthony Gierzynski on March 11, 2002 in response to a request from Senator Lyons.