



**TESTIMONY IN OPPOSITION TO SB 1236
AAC THE AMOUNTS OF UNCLAIMED BEVERAGE CONTAINER DEPOSITS...**

April 10, 2023

To: Honored Co-Chairs Sen. Fonfara and Rep. Horn, Distinguished Members of the Finance, Revenue & Bonding Committee.

From: Lori Brown, Executive Director, CT League of Conservation Voters

On behalf of CTLCV, thank you for the opportunity to comment on legislation that will affect our state's landmark recycling law, the **Bottle Bill**. The law was finally updated in 2021 after many years of negotiations. This was a major step to increase recycling and help address Connecticut's growing waste crisis.

CLTLV has been a longtime supporter of the state's Bottle Bill, which prevents over 800,000,000 cans and bottles from littering our parks, beaches, and neighborhoods every year.

We are concerned that SB 1236 would give 100% of consumers' unredeemed deposits to the beverage industry. This requires the state to give away an estimated \$64 million in unredeemed deposit revenue each year.

Without proper safeguards, this would incentivize the beverage industry to recycle less, not more.

While effective bottle bill programs do allow the beverage industry to retain the unredeemed deposits as SB 1236 proposes, they also a) provide enforceable recycling targets and b) require public education and marketing of the bottle deposit program. This is intended to ensure the deposit does not become a tax, and that it increases recycling rates.

Performance Targets

The "redemption rate" is the success metric for a Bottle Bill. It is the number of containers redeemed divided by the number of containers sold with a deposit. Effective bottle deposit programs set a redemption rate target with an enforcement mechanism to ensure the program remains effective over time. Oregon set an 80% redemption rate target, and if the program fell below this for two years, the deposit value would increase automatically. The EU's Single Use Plastic Directive set a 90% separate collection target for plastic beverage containers, which if not met, would trigger fines for member states. Connecticut's Bottle Bill law, Public Act 21-58, does specify an 80% redemption rate target, but no meaningful enforcement mechanism.

Public Education

Effective bottle bills ensure the public is aware of what is eligible for a deposit refund, how to get their money back, and is engaged to redeem the container deposit.

Key gaps in Connecticut's deposit law despite proposed industry giveaway

Here in Connecticut, the law has started to take effect. As of January 1, 2023, more beverages like juice and sports drinks are now eligible for a five cent refund. In 2024 the deposit value will be raised to ten cents and it's important the public knows why, and how to get their money back.

There is no robust statewide education effort and no measure to ensure the purpose of the law is achieved (a high redemption rate for recycling). There isn't even mandated reporting of the redemption rate, though the Department of Revenue collects this information annually.

Instead, the legislature is poised to give back millions more in unredeemed deposits to beverage companies. Beverage companies have an incentive to keep the redemption rate low, because for every container redeemed, they pay a handling fee (between 2.5-3.5¢), a pickup and processing fee, and in this case they have to give back the ten cent deposit to the consumer instead of pocketing it. SB 1236, as written, is the legislature investing in the Bottle Bill's failure.

Proposal

We strongly urge the committee to establish basic performance enforcement measures and invest a portion of the unredeemed deposits into public education before giving away millions of additional dollars.

The current law negotiated in 2021 (PA 21-58) was designed to share 55% of the unredeemed deposits (~\$35.4 million) with beverage companies. As written, SB 1236 would increase this to 100% (~\$64.3 million) every year. We recommend three measures:

- 1. Preserve at least \$2.5 million of unredeemed deposits for investment in Bottle Bill public education.** The total annual unredeemed deposits next year are estimated to be \$91 million. Reserving \$2.5 million for public education (less than 3%) is a wise investment in making sure citizens of all communities and income levels know how to get their deposit money back, and are proud to participate for the environment or their favorite local charity.
- 2. Set a meaningful mechanism to enforce the 80% redemption rate target.** For example, 20% of the unredeemed deposits should be reserved for the state until the redemption rate reaches 80%. This would establish positive incentives for recycling at the industry level. This would not take effect until 2026 so as not to disrupt current budget forecasts.

Distribution of Unredeemed Deposits (escheats) based on Redemption Rate		
Redemption Rate	State Share	Beverage Industry Share
Below 80%	20%	80%
80% or greater	10%	90%
90% or greater	5%	95%

- 3. For any additional unredeemed deposits not shared with distributors, invest in the Bottle Bill and/or municipal programs such as waste reduction, reuse, and recycling.** This would take effect in 2026, so as not to disrupt short-term budget forecasts. If the total unredeemed deposits in 2026 is \$64.3 million, and the state retains 20% (\$12.8 million) with \$2.5 million set aside for public education, this could provide \$10.3 million to municipalities for waste reduction, reuse, and recycling programs. In addition, the beverage industry would still retain 80% of the unredeemed (\$51.4 million) *which is a larger share than currently provided under existing law.*

The Bureau of Materials Management and Compliance Assurance at DEEP in conjunction with the Connecticut Coalition for Sustainable Materials Management (CCSMM) would administer this funding and oversee public education contracts with private sector agencies. The Bureau would also be responsible for making public the annual redemption rate report from the Department of Revenue Services.

Conclusion

We understand the motive to help the beverage industry cover regulatory costs. However, the state has an obligation to make sure the bottle deposit increases recycling and does not become a tax. Both objectives can be met with a reasonable compromise to implement a meaningful enforcement mechanism, set aside funding for public education, and give the rest to the beverage industry.

Thank you for considering this proposal which we believe will best serve the state and the environment.

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