

# The Recycling Problem In Minnesota

**The status quo is not working:** The current recycling rate in Minnesota is only 20%. It's set to get worse as the Minnesota Pollution Control Agency (MPCA) says waste produced in the Twin Cities area is projected to increase by 19% over the next two decades.

**Curbside recycling alone will not fix the problem:** Relying solely on curbside recycling will not help improve the recycling rate. As it is, 30% of households in Minnesota have no recycling access.

**Recyclable material isn't getting recycled:** Each year, Minnesota loses about 685,000 tons of recyclable material. The Container Recycling Institute (CRI) estimates that each year 3.8 billion beverage containers sold in Minnesota that are collectively worth \$47.2 million go to landfill.

**Litter is still a problem in Minnesota:** Beyond litter along roadways, the Minnesota Department of Natural Resources recently stated, "litter is a growing problem on lakes every ice fishing season."

## A Solution: Recycling Refunds

**Consumers buy the beverage and borrow the container:** In a recycling refund program, consumers pay a small refundable deposit for each beverage container they purchase. Consumers return the containers to a convenient redemption location and get a refund.

**Recycling refund programs are proven to increase beverage container recycling:** Beverage containers sold with a deposit in the 10 states that have these programs are recycled at two to three times the rate as beverage containers sold without a deposit across the country.

**Increased beverage container recycling would help reduce carbon emissions:** Keeping containers out of landfills, roadways, and waterways ensures domestic, clean material is available for manufacturers to recycle, rather than relying on virgin material.

**Recycling refund programs create jobs:** A MPCA analysis on the benefits and costs of a recycling refund system report in Minnesota found it would create a net gain of more than 1,000 jobs. This is supported by a CRI report that determined recycling refunds create 11 to 38 times more jobs than a curbside recycling system for beverage containers.

## Recycling Refunds in Minnesota

**Minnesota taxpayers would not be responsible for funding this program:** A recycling refund program would be funded by the private sector, and the financial burden would be placed on distributors and importers of beverages.

**Materials recovery facilities (MRF) would not experience significant revenue loss:** The programs' implementation would provide ways for MRFs to make up for lost revenue from less beverage container recycling through curbside, including temporary payments to help with the transition.

**Retailers would be an important partner in these programs:** Retailers would have no obligation to host beverage container redemption processing mechanisms, such as reverse vending machines and bag drops. Ideally, retailers will take advantage of various incentives and likely increased foot traffic and opt-in to hosting redemption mechanisms since consumers can redeem containers during trips they are making anyway to the retailer.

**With a recycling refund program, Minnesota could protect the environment and stimulate the economy by having many more beverage containers recycled rather than littered or landfilled.**



# 20%

The current recycling rate in Minnesota.

Minnesota deserves beverage container recycling rates like those in Michigan and Oregon that are typically above 80%, thanks to recycling refunds

Please vote YES to advance HF 3200, the Minnesota recycling refunds bill, out of the Environment and Natural Resources Finance and Policy Committee.

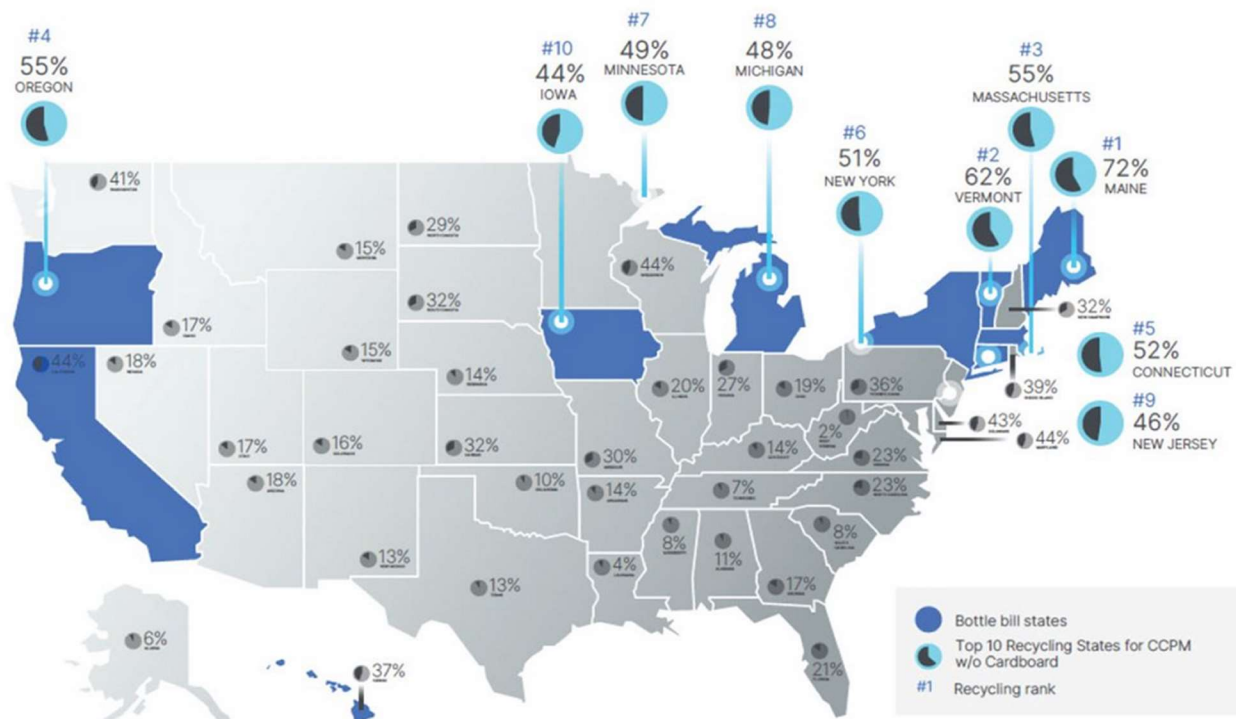


# recycle smart MINNESOTA

## Support & Improve Minnesota's Well-Developed, Proven, and Equitable Recycling System Oppose The Bottle Bill [HF3200/SF3260](#)

### Minnesota Is a Recycling Leader

Minnesota has a well-developed recycling system that has placed it among the top ranked states. Minnesota Ranks #7 among all states in recycling of common containers and packaging materials, ahead of four bottle bill states in overall recycling and roughly tied with two other bottle bill states. The states that exceed Minnesota's recycling rate in this study are smaller and substantially less rural than Minnesota.



### Consumers Face Higher Costs

- Consumers will pay higher prices due to the taxes on distributors that are added to product cost.
- Consumers will bear the added costs of more trips, burning more gas, to redeem their bottles and cans. This will hit low-income families and seniors who don't own a vehicle and those in rural areas the hardest.
- Consumers will pay more for curbside recycling when the valuable aluminum and plastic have been removed from the curbside bins.

### Inconvenience for Consumers

- Consumers must store deposit containers apart from other recyclables (especially difficult in apartments), increasing the use of plastic bags
- Consumers forced to make special trips to return empties – more time, more gas, more emissions.
- Consumers must handle the sticky empties, sort, and count them as part of the return process.



### **Hurts Local Units of Government**

Deposit taxes remove the most valuable materials (aluminum & plastic) from the current recycling system, increasing the costs to recycle the remaining materials. Most Material Recovery Facilities (MRFs) share commodity revenues with municipalities and haulers to help offset the cost of curbside recycling programs. The loss of this revenue will increase curbside recycling costs for customers and municipalities.

### **Expensive to Operate**

The MPCA report estimated the cost to be **\$179 million to operate the new system that was proposed in 2013**. Based on a 2013 study completed in Vermont, we estimated an additional \$40 million in travel costs for consumers to drive to redemption centers (not included in the MPCA report) for a total cost of **\$219 million**.

### **Marginal improvement in recycling**

With beverage containers making up just **3%** of the waste stream, all this expense and effort would at best increase Minnesota's recycling rate by less than two percentage points – from 46 percent to 48 percent.

Greenhouse gas benefits of any additional recycling would be reduced by the new fleets of trucks put on the road to collect empty containers and by extra consumer trips to return empties.

### **A Bottle Bill Would Hurt Minnesota Jobs:**

- Higher prices hit border communities and their merchants especially hard by driving business out of state. Border food stores lose 5% of total sales in other deposit states (most with 5¢ deposits); the loss would be worse with the higher deposit proposed here.
- In-state beverage producers and distributors will lose jobs. Higher prices mean declining sales and fewer employees needed.
- Minnesota recycling businesses that have made substantial investments in infrastructure to recapture recyclable materials will have their whole business model disrupted.

### **Alternatives We Propose:**

Commit solid waste tax to its originally intended purpose (backfill the Environmental Fund with General Fund), which should include:

- Recycling infrastructure
- Create sustained consumer education
- Carts grants so that communities can make them available for everyone
- Add labels to all carts to ensure consumers know what can go in the cart
- Increase access to public space recycling
- Increase recycling access in multi-family housing

## Current Bottle Bill States – Redemption Rates Continue to Decline

Most bottle bill states have experienced a decline in their redemption rates for the ten years ending in 2022 according to data from the Container Recycling Institute. Most bottle bills in the U.S. were passed at a time before curbside recycling (which collects a broader array of materials) was widely available.

Redemption Rates and Other Features of 10 U.S. State Deposit Programs																
State	Redemption Rates (a)										Estimated Percent of Deposit Beverage Sales Recycled Via Curbside Programs (b)	Amount of Deposit	Handling Fee	Beverages Covered	% of Beverage Units Sold Covered by Deposit (c)	Population with Curbside Access (d)
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022						
Michigan	95%	94%	93%	92%	91%	89%	89%	73%	75%	76%	4%	10¢	None. No redemption centers.	- Beer & malt beverages - Carbonated soft drinks, sparkling water, kombucha - Wine coolers & distilled spirits coolers	55%	61%
Maine	90%				84%			76%	75%	78%	4%	Wine & liquor ≥ 50mL: 15¢ All others: 5¢	5.5¢ Starting 09-01-2023: 6¢	- All beverages except dairy products and unprocessed cider.	92%	67%
Oregon	71%	68%	64%	64%	73%	81%	86%	77%	81%	86%	3%	10¢	None; Co-op funds redemption centers in partnership with retailers.	- All beverages except wine, distilled liquor, dairy milk and plant-based milk, and infant formula.	88%	95%
Vermont	76%								78%	78%	5%	Liquor: 15¢ All others: 5¢	Brand-sorted containers: 4¢ Commingled brands: 3.5¢	- Beer & malt beverages - Carbonated soft drinks & sparkling water - Wine coolers - Liquor	46%	76%
California	74%	71%	72%	72%	68%	66%	67%	62%	59%	60%	Redemption rate reflects direct CRV redemption. Curbside and dropoff programs collected 10.5% of CRV beverage containers sold in CY2022.	<24 ounces: 5¢ ≥ 24 ounces: 10¢	Handling Fee of \$0.01092 per container paid to handling fee sites only. Processing payments for glass, PET, and HDPE average \$0.01 per container to redemption centers, curbside programs and other programs. All RCs and programs also keep revenue from scrap sales.	- Beer & malt beverages - Carbonated soft drinks & sparkling water - All other non-alcoholic beverages - Wine coolers & distilled spirits coolers - Excluded: milk, some juices, wine, spirits - Wine and spirits to be added 1/1/2024	88%	91%
Hawaii	74%	71%	67%	65%	62%	63%	63%	62%	62%	58%	Deposit containers collected at curbside (in Honolulu only) are included in reported statewide redemption rates; deducted here to show true refund redemption.	5¢	Variable fees, effective 10-01-2022: aluminum & bi-metal: 3.4¢ glass 8.7¢, plastic 4.3¢ RCs also keep revenue from scrap sales.	- Beer & malt beverages - Carbonated soft drinks & sparkling water - All other non-alcoholic beverages - Wine coolers & distilled spirits coolers - Excluded: milk, wine, spirits	88%	77%
New York	62%	64%	65%	66%	65%	64%	64%	64%	70%	70%	5%	5¢	3.5¢	- Beer & malt beverages - Carbonated soft drinks & sparkling water - Bottled water including flavored water - Wine coolers	78%	95%
Iowa	78%			65%							2016 recycling rate was 71%. An estimated 6% of containers sold are recycled through curbside & dropoff programs.	5¢	Dealer agents 1¢ Redemption centers and dealers: 3¢	- Beer & malt beverages - Carbonated soft drinks & sparkling water - Wine coolers - Wine & Liquor	63%	76%
Massachusetts	66%	66%	59%	56%	57%	52%	50%	43%	38%	38%	10%	5¢	Redemption centers: 3.25¢ Retailers: 2.25¢	- Beer & malt beverages - Carbonated soft drinks & sparkling water	40%	77%
Connecticut	57%	53%	51%	49%	52%	50%	50%	44%	46%	45%	10%	5¢ (increases to 10¢ on 1/1/24)	Beer: 2.5¢ Other beverages: 3.5¢ Liquor "nips" have 5¢ sales fee	- All beverages except wine, distilled liquor, spirit-based hard seltzers, dairy milk and plant-based milk, and infant formula.	85%	86%

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States with deposit taxes are struggling to keep redemption centers open. Many are closing creating redemption deserts, leaving consumers with no practical way to get their deposits back.

February 20, 2024

Dear Chair Hansen and members of the Environment and Natural Resources Finance and Policy Committee,

On behalf of the Association of Plastics Recyclers, I am **testifying in support of HF3200, Beverage container recycling refunds program**. This is a proven solution to reduce litter, recycle more beverage containers, and build a more resilient domestic supply chain. This bill will take plastic bottles off the streets and out of the waterways of Minnesota, and instead put them back into the hands of U.S. manufacturers to be made into new packaging.

[The Association of Plastic Recyclers \(APR\)](#) is a US-based non-profit and the only North American organization focused exclusively on improving the recycling of plastics. APR members are the entirety of the plastics recycling industry from design to collection to recovery to remanufacturing. Plastics recycling is what APR does every day. APR understands the challenges facing the industry and the solutions needed to scale recycling effectively as a key solution to reduce plastic pollution and waste and move toward a more sustainable, circular economy.

This bill is a win-win for the environment and the economy. Recycling refunds will:

**Reduce litter and plastic waste.**

Beverage containers are among the most littered items across beaches, parks, streets, and other public areas. Recycling refunds are proven to [reduce bottle litter by 30-50%](#), and [70% of US residents want the government](#) to take action to reduce plastic waste and litter.

**Significantly increase plastics recycling.**

Plastics recycling works every day all across the US. Nearly [5 billion pounds](#) of plastic were recycled in the US in 2020. This is led by states with bottle deposit programs where over [70% of plastic beverage containers are collected and recycled](#). With more deposit policies, U.S. plastic recyclers would have access to more material. [Recyclers could process 50% more](#) soda bottles, water bottles, milk jugs and other common plastics today using our country's existing infrastructure if they were able to access more material.

### **Support US jobs.**

Five billion pounds of post-consumer plastics are recovered for recycling from US sources each year, and more than [92% of plastics are recycled within](#) North America, supporting jobs and local economies across the country. [Recycling plastics, metal, glass, paper, and other materials supports over 680,000 jobs](#) and contributes more than \$37.8 billion in wages and \$5.5 billion in tax revenues across the U.S.

### **Strengthen domestic supply chains.**

Recycling provides companies with the raw feedstocks to make new products. By collecting and reusing our plastics domestically, we strengthen local supply chains, reduce global market volatility, and keep more value circulating in local economies.

### **Reduce carbon pollution.**

Plastics recycling also saves energy, reduces pollution, and reduces use of fossil fuels. Recycling #1 and #2 plastic bottles can save [75 to 88% of the energy used to make virgin plastics and reduce GHG emissions by 70%](#).

### **Business leaders are calling for policy to drive change.**

Business leaders around the US are calling for state and federal legislation to accelerate investments in recycling to meet their circular economy goals. The [US Plastics Pact supports bottle deposit policies](#), and the [major U.S. trade associations representing plastics, glass, and aluminum](#) all support deposit policies.

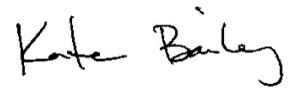
### **US companies want to buy more recycled plastics but supply is lacking**

Major consumer goods companies, [such as Nestle, Procter & Gamble, and PepsiCo](#), have made substantial commitments to use more recycled plastic in their packaging. Recycling rates for PET water bottles and soda bottles need to nearly triple by 2025 to meet this demand. Without greater participation in recycling, companies will need to import plastics from other sources outside the U.S. to meet these goals.

### **Moving forward**

We encourage you to move this bill forward and continue to work with stakeholders on further refinements to make it a model for the entire country. APR staff are available at your convenience to discuss these comments and share further technical, regulatory, and policy information. Please contact Kate Bailey, Chief Policy Officer, at [katebailey@plasticsrecycling.org](mailto:katebailey@plasticsrecycling.org).

Sincerely,



Kate Bailey

Chief Policy Officer, Association of Plastics Recyclers

[katebailey@plasticsrecycling.org](mailto:katebailey@plasticsrecycling.org)



**Support & Improve Minnesota's Well-Developed, Proven, and Equitable Recycling System**

The businesses and trade organizations below are united in opposition to Beverage Container Deposit Taxes [HF3200/SF3260](#):

Minnesota Beverage Association  
Teamsters Joint Council 32  
Minnesota Retailers Association  
Minnesota Grocers Association  
Minnesota Craft Brewers Guild  
Minnesota Corn Growers Association  
Hospitality Minnesota  
Minnesota Agri-Growth Council  
Wine Institute  
Bowling Proprietors Association of Minnesota  
Minnesota Wine and Spirits Wholesale Association  
August Schells Brewing Company (New Ulm)  
Summit Brewing Company (St. Paul)  
Bernick's (Waite Park, Duluth, Willmar, Brainerd, and Bemidji)  
Minnesota Service Station & Convenience Store Association  
Minnesota Municipal Beverage Association  
Minnesota Beer Wholesalers Association  
Minnesota Licensed Beverage Association  
National Federation of Independent Businesses - Minnesota  
National Waste & Recycling Association – Minnesota Chapter  
Coca-Cola Bottling Company High Country (Moorhead, Morris and Roseau)  
Coca-Cola Bottling Company of International Falls (International Falls)  
Nei Bottling, Inc. (Bemidji)  
American Bottling Company, 7up (South St. Paul, Rochester, St Cloud, Mankato)  
Atlantic Coca-Cola Bottling

Recycle Smart Minnesota is a coalition of trade associations, unions, and businesses that support Minnesota's robust recycling infrastructure and oppose a bottle bill which would undermine our progress on improving our recycling system.



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Coca-Cola Bottling Company of Winona (Winona)

Wis-Pak, Inc. (Mankato)

Gillette Pepsi Companies (Rochester & Mankato)

Minnesota Milk Producers Association

Anheuser-Busch

Fueling Minnesota

Viking Coca-Cola Bottling Co. (St. Cloud, Alexandria, Baxter, Fergus Falls, Hutchinson, Marshall, North Branch, Red Wing, Virginia, & Wilmar)

Coca Cola Beverages of Duluth (Duluth)

First Choice Food & Beverage Solutions (St. Cloud)

Pepsi-Cola Bottling Co. of Pipestone (Pipestone)

Dahlheimer Beverage (Monticello, Green Isle, Brainerd, and Virginia)

Capitol Beverage Sales (Rogers)

Michaud Distributing (Duluth)

D-S Beverages, Inc. (Moorhead and Bemidji)

Schott Distributing Company (Rochester)

Kwik Trip (Albert Lea, Albertville, Andover, Anoka, Apple Valley, Austin, Belle Plaine, Big Lake, Blaine, Blue Earth, Brooklyn Park, Buffalo, Burnsville, Byron, Caledonia, Cambridge, Carlson, Carver, Centerville, Chanhassen, Chaska, Chatfield, Chisago City, Circle Pines, Clearwater, Cloquet, Cold Spring, Cokato, Coon Rapids, Dakota, Delano, Dodge Center, Duluth, Dundas, Eagan, East Bethel, Elko New Market, Eyota, Fairmont, Faribault, Farmington, Forest Lake, Glencoe, Harmony, Hastings, Hermantown, Hinkley Hokah, Hugo, Hutchinson, Isanti, Kasson, Kellogg, La Crescent, Lake City, Lake Elmo, Lakeville, Lewiston, Lino Lakes, Mankato, Maple Grove, Milaca, Minnesota City, Monticello, Moose Lake, Mora, New Prague, New Ulm, North Branch, North Mankato, North St. Paul, Northfield, Norwood Young America, Oak Park Heights, Oakdale, Otsego, Owatonna, Paynesville, Pine Island, Plainview, Plymouth, Princeton, Prior Lake, Red Wing, Redwood Falls, Rochester, Rockford, Rosemount, Rush City, Rushford, St. Bonifacius, St. Charles, St. Cloud, St. Francis, St. Joseph, St. Michael, St. Peter, Sartell, Sauk Rapids, Savage, Shakopee, South St. Paul, Spring Grove, Spring Valley, Stacy, Stewartville, Stillwater, Two Harbors, Vadnais Heights, Wabasha, Waconia, Waite Park, Waseca, Willmar, Windom, Winona, Woodbury, Worthington, and Zumbrota)

Breakthru Beverage Minnesota (Minneapolis)

Recycle Smart Minnesota is a coalition of trade associations, unions, and businesses that support Minnesota's robust recycling infrastructure and oppose a bottle bill which would undermine our progress on improving our recycling system.

**Testimony to the Minnesota House Environment and Natural Resources Finance  
and Policy Committee**

**The Aluminum Association**

**February 21, 2024**

**Support for HF 3200 - Creating a Beverage Container Recycling Refund Program in  
Minnesota**

Thank you for the opportunity to submit testimony in support of MN House File 3200. My name is Curt Wells and I am the Senior Director of Regulatory Affairs for the Aluminum Association. The Aluminum Association is the trade association representing U.S. aluminum manufacturers and their suppliers, and Aluminum Association member companies supply 100% of the aluminum sheet that is produced in the US and used to make aluminum cans.

Demand for used aluminum cans to incorporate into new beverage can sheet far exceeds the supply due to a lack of consumer aluminum recycling. Our members that make aluminum sheet for beverage cans are ready, willing, and able today to incorporate substantially more used cans into their production of new aluminum sheet as it is their preferred raw material. However, aluminum is not produced in the US in sufficient quantities today to meet the demand and the country is heavily reliant on imports of primary aluminum while there is a huge untapped supply of domestically sourced, stable, and low carbon secondary (or recycled) aluminum that can be made available through increased recycling.

The US aluminum industry is currently investing billions of dollars to expand the production of aluminum can sheet and would like to produce that aluminum can sheet with a higher amount of recycled content than the current industry leading 73%. Recycling refund programs such as that contained in HF 3200 are the proven method of increasing that recycled content as research has demonstrated that in the US today, aluminum beverage cans sold in a recycling refund program have a 77% recycling rate as compared to 36% for those that are not.

Specific to Minnesota, according to The Recycling Partnership's *2024 State of Recycling Report*, Minnesota has a 20% recycling rate. For beverage containers, estimates are that each year 3.8 billion beverage containers sold in Minnesota that are collectively worth \$47.2 million go to landfill. Of those 3.8 billion beverage containers annually going to landfill, 1.4 billion are aluminum beverage cans.

However, even improvements in existing curbside recycling will not solve the problem as today 30% of Minnesota households do not have access to curbside recycling, and even if the curbside situation was improved it would not address recycling for the estimated 33% of beverage containers consumed away-from-home.

The proven policy solution for Minnesota that incentivizes consumers to increase their recycling of beverage containers is through recycling refund programs, which place a recycling refund, or deposit, on beverage containers paid at the point of sale. Consumers see a value on the container and have the choice to return it for the refund or forfeit the refund and put it in a curbside recycling bin. As noted above, this solution is proven to substantially increase recycling rates for beverage containers in a short timeframe and also deliver by far the cleanest raw material for remanufacture into new containers.

Minnesota has before it an opportunity to demonstrate its environmental and policy leadership by creating an industry-led program in the form of HF 3200 that incentivizes residents to recycle their aluminum beverage cans, and the **Aluminum Association therefore urges committee members to vote yes on HF 3200** in order to advance it for further legislative consideration.



February 19, 2024

Representative Rick Hansen, Chair  
Representative Sydney Jordan, Vice Chair  
Environment and Natural Resources Finance and Policy Committee  
Minnesota House of Representatives  
10 State Office Building  
Saint Paul, MN 55155

**RE: Support for HF 3200 - An Act Establishing Beverage Container Recycling Refunds.**

Dear Chair Hansen, Vice-Chair Jordan, and Members of the Committee:

Thank you for the opportunity to submit comments on behalf of Upstream in **support** of HF 3200, which will establish a beverage container recycling refund system for Minnesota. Upstream is a US-based non-profit and leading change agency for the reuse movement in the US and Canada. We spark innovative solutions to help people, communities and businesses shift from single-use to reuse. **We believe recycling refunds, also known as deposit return systems (DRSs), are crucial to accelerating the new reuse economy.**

**HB 2144 will establish foundational infrastructure needed to scale beverage container reuse throughout the state.** This is important because [reusable beverage containers are better for the environment](#). After just three uses, reusable glass bottles are already less impactful than single-use (recyclable) glass or PET bottles and aluminum cans. Used 25 times and then recycled, reusable glass bottles create 85% fewer climate emissions than single-use glass; 57% fewer than aluminum cans; and 70% fewer than single-use PET. Reusable PET bottles can save up to 40% of the raw materials and 50% of the greenhouse gas emissions compared to the production of single-use PET bottles.

Fifty years of data on DRS laws in the U.S. demonstrate that refundable deposits are effective at boosting collection and recycling rates, creating local economic development opportunities and jobs, generating clean streams of recyclable materials through source-separation, preventing roadside litter and plastic pollution, and catalyzing reuse.

**However, the reuse provisions in HF 3200 are not nearly ambitious enough.** Upstream's [policy principles](#) outline six core pillars necessary to successfully incorporating reuse into DRS policy, including strong definitions of reuse that distinguish between returnable and refillable containers; direct producer funding and financial incentives for producers to choose reusable packaging; and enforceable performance targets to establish a minimum quantity of beverages that must be sold in returnables. As introduced, HF 3200 does not align with these principles. A

DRS builds the infrastructure and systems needed to collect used containers and can ensure reusables are returned to producers for recirculation. But without a strong requirement for producers to choose reusable containers in the first place, there may not be any to circulate. Furthermore, as we have seen in numerous DRS programs, it is crucial that reusable containers are not destroyed upon collection, and they must be collected wherever recyclable containers are redeemed for maximum convenience and efficiency. Without these requirements, the program may not function as desired.

**The beverage sector is ready for reuse.** Today, beverage reuse systems operate at scale around the world, and virtually all of them use DRSs to get their containers back:

- In Germany, 82% of beer is sold in reusable bottles, and 99% are returned for reuse. Overall, 54% of beverages sold in Germany are in reusables.
- In Ontario, Canada, 85% of beer is sold in reusable bottles, with 97% returned and an average reuse rate of 15 cycles.
- Reusables account for significant portions of beverage sales in Mexico (27%), Columbia (54%), Brazil (24%), China (22%), Vietnam (31%), Thailand (20%), India (34%), Nigeria (43%), and the Philippines (59%).

On Tuesday, February 20, this Committee heard testimony on HF 3577 - a complementary Act to establish Extended Producer Responsibility (EPR) for packaging and paper products. **It is Upstream's position that packaging EPR systems are strongest and most effective when they are combined with a DRS such as the one outlined in HF 3200.** Enacting these complementary policies together will set Minnesota on the quickest path to a circular economy that prioritizes waste prevention, centers reuse, and expands recycling for all communities.

HF 3577 includes several environmental justice (EJ) provisions, such as the prevention and mitigation of impacts to overburdened and vulnerable communities, and meaningful consultation with these communities throughout the state. Upstream strongly recommends extending these just management requirements to HF 3200. There is no reason that beverage containers should be held to a lesser standard when it comes to community protection and environmental justice.

To realize Upstream's vision of a new reuse economy, we need consumer brands to have real skin in the game when it comes to packaging and selling their products. **We strongly encourage you to favorably report HF 3200, with stronger reuse and EJ provisions, to ensure a sustainable future for Minnesota.** We thank Representative Jordan for her leadership on this as well as on packaging EPR and look forward to working with her and others to strengthen this bill. Please feel free to contact me at [sydney@upstreamsolutions.org](mailto:sydney@upstreamsolutions.org).

Thank you for all you do,

Sydney Harris  
Policy Director



CONSERVATION  
MINNESOTA

February 21, 2024

To the Members of the House Environment and Natural Resources Committee:

Conservation Minnesota writes to you to urge your support for HF3200 (Jordan) and the establishment of a statewide beverage container recycling refund program. This program would greatly improve statewide recycling efforts by incentivizing more recycling, increasing access to recycling facilities, and making material recovery easier for producers.

Recycling rates in Minnesota have plateaued around 45% for the past few years, a number which needs to increase if we are going to meet our waste reduction goals. Implementing a Deposit Return System (DRS) would add a small deposit to single-use and refillable aluminum, glass and plastic beverage containers. This fee would be paid back to consumers upon returning these containers, creating an incentive to return these bottles and cans to the supply chain. Other states that operate a DRS have seen a major increase in recycling rates, with most seeing return rates upwards of 70% or more.

The recycling refund would be managed by a Distributor and Importer Responsibility Organization (DIRO), which beverage distributors and importers in the state would be required to join. The DIRO would be responsible for operating the machines and mechanisms for returning materials, provide annual reports on collection data, and ensure program goals are met, with oversight by MPCA. The DIRO would also sell the recovered materials back to producers at fair market value and pay material recovery facilities and drop-off facilities for lost revenue to help keep them whole during rollout as well.

Recycling refund programs like this proposal are also proven tools for community organizations to raise funds through bottle drives. In 2022 in Oregon alone, more than five million dollars was raised through recycling refunds for 5,500 statewide charities, like food banks, animal shelters, and school boosters. This bill also includes a convenience standard to ensure return centers are available equitably across the state.

We strongly urge this committee to support HF3200 as a piece of the puzzle to help increase recycling and decrease waste across Minnesota.

Sincerely,  
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608-469-5299

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[james@conservationminnesota.org](mailto:james@conservationminnesota.org)  
978-844-4625

February 21, 2024



Minnesota House of Representatives  
Environment and Natural Resources Finance and Policy Committee

**Re: Beverage Container Refund Program (HF3200-DE1)**

Dear Chair Hansen and Members of the Committee,

We are submitting this letter of support for the Beverage Container Refund Program (HF3200) as part of our commitment to improving recycling and reducing waste in Minnesota.

Eureka Recycling is a non-profit, social enterprise, recycler here in the Twin Cities. We are a proud union shop with union mechanics and drivers. Our team sorts 100,000 tons of residential recyclables each year into 15 different commodities that support our local supply chain. About 80% of our feedstock is turned into new products here in Minnesota and 90% in the greater Midwest. We work to demonstrate that recycling can and should be done in ways that benefit our environment, communities, and the regional economy.

The Beverage Container Refund Program is a much needed complementary program to the Packaging Waste & Cost Reduction Act. Both bills aim to improve human and ecological health by reducing waste and improving recycling systems. While the Packaging Reduction bill ensures that producers are covering the cost of the end of use of their packaging, we know that a recycling refund system (commonly known as a “bottle bill” or “deposit return system”) can uniquely and substantially increase capture, reuse, and recycling rates for beverage containers and do so much more rapidly. In fact, according to data from the [Container Recycling Institute](#), states with bottle bills have a beverage container recycling rate of around 60%, while non-deposit states only reach about 24%.

**The Beverage Container Refund Program will:**

**Increase Recycling Rates:** Minnesota is sending too many bottles and cans to landfills and incinerators. According to a [recent report](#), we are recycling only 55% of aluminum, 46% of glass, and 27% of #1 PET plastic. A deposit return on beverage containers will incentivize consumers to return beverage containers for bottle-to-bottle recycling or reuse within an established reuse and refill system. This is a proven model, with nine of the 10 states with the highest recycling rates having recycling refund systems.

**Keep Material Recovery Facilities (MRFs) Whole:** States with bottle bill programs, put those programs in place decades ago, and their recycling systems and infrastructure was developed alongside these programs. With this bill, Minnesota is in a position to innovatively lead the nation in recycling, by being the first state to develop a **curbside compatible program**. The bill takes the following steps to keep our local curbside recycling programs whole:



- **Compensates MRFs for Curbside Recycled Beverage Containers:** Looking at other states with bottle bill programs, we know that many residents still recycle a percentage of their beverage containers at the curbside. However, with a Recycling Refund program, MRFs will see less beverage containers coming through the curbside program. The DE1 amendment addresses concerns about recyclers losing the most valuable materials to redemption centers. This bill ensures that MRFs are compensated a processing fee, based on 80% of the refund value, for containers that will continue to come through the curbside system, making up the difference for the containers lost to the redemption centers and far exceeding the amount MRFs are currently receiving in the marketplace. Using our own [economic modeling](#), we found that this processing fee will keep MRFs whole.
- **Supports Needed Upgrades to MRFs:** Not only will the MRF remain whole, our modeling shows that the processing fee will also provide the financial support needed for MRFs to make necessary upgrades to meet composition changes while also ensuring that we have a guaranteed market for our beverage container feedstock.
- **Promote High Bale Quality:** In order to receive the processing fee, MRFs must meet quality standards that are standard in our industry. Bales must meet ISRI SPEC, which MRFs are accustomed to achieving.

**Sets Strong Redemption Targets & Mechanisms for Enforcement:** The bill sets much needed redemption targets, requiring that the organization redeem 85% of all beverage containers within the first 6 years of the program.

**Creates an Equity and Access Advisory Board:** Waste pickers or canners are essential workers within bottle bill programs. Unfortunately, their work is often marginalized. The Equity and Access Advisory Board provides an avenue for their voice to be heard and hopefully will lead to a program that promotes social inclusion, labor protections, environmental awareness, and economic power among canners. However, language around this issue needs to be strengthened, which we have added below.

### **Outstanding Issues that Need to be Addressed:**

**Reuse and Refill Requirements** - beverage containers are an ideal packaging type for a reuse/refill program. Any Recycling Refund program needs to include both a funding stream for reuse infrastructure and reuse targets. Similar programs in countries around the world have shown that reuse/refill plays a key role in reduction and can be scaled across our state.

**Protect and Empower Canners:** While the language is making steps towards this, improvements can be made to ensure canners and their organizations gain access to improved labor and social protection. “Canners” should be defined in the legislation and a person representing canners should be added to both the equity and access advisory board and the

operations advisory board. Additionally, language needs to be amended to ensure that non-profit organizations and local community groups, established to collect beverage containers, have the mechanisms and supported needed to do so.

**Stronger Convenience Standards:** All Minnesotans should be able to easily return their beverage containers and claim their refunds. More specific convenience standards are needed that take into account geography and population density.

**Expanding the Operations Advisory Board:** This board should include a representative of labor within the system's formal or informal workforce and representative of consumers or canners redeeming containers through the system.

The Beverage Container Refund Program is a key policy for increasing our recycling rates, keeping resources in the ground, and reducing waste. We are happy to provide additional information on any of the pieces we have mentioned above and appreciate your consideration of our comments.

Sincerely,



Lucy Mullany  
Director of Policy & Advocacy  
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February 20, 2024

Environment and Natural Resources Finance and Policy Committee  
Rep. Rick Hansen, Chair; Rep. Sydney Jordan, Vice-Chair  
State Office Building  
100 Rev Dr. Martin Luther King Jr. Blvd, Saint Paul, MN 55155

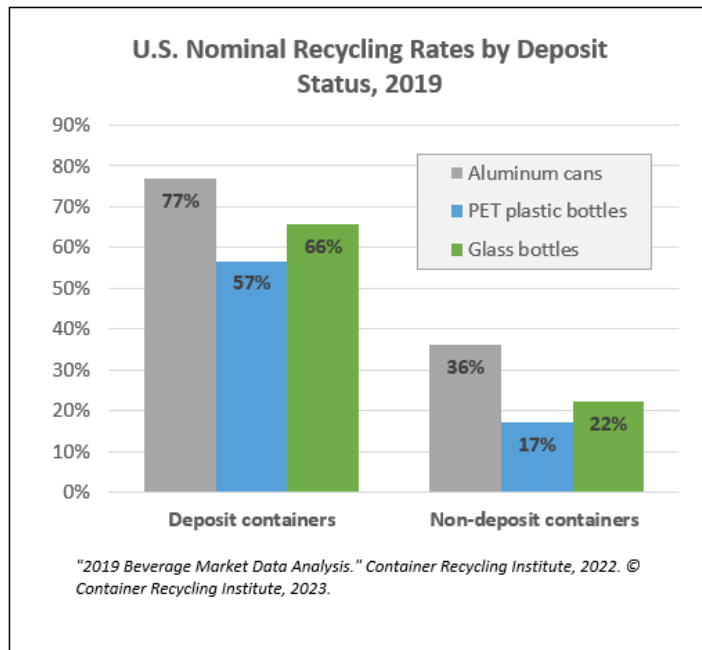
Dear Chair Hansen, Vice-Chair Jordan, and Members of the Committee,

The Container Recycling Institute is writing in support of HF 3200, a bill that would establish a program in Minnesota for beverage container recycling refunds.

We applaud the bill for:

1. Incorporating most beverage types into the proposed deposit program, including **wine and liquor**. Doing so will generate clean, high-quality glass that is desired by glass manufacturers, and will help alleviate the pressure that the state has been experiencing to find aggregate uses for glass collected through municipal programs.
2. Including a **wide scope of beverage containers**, as per the definition.
3. Specifying a **deposit of 5¢ for containers less than 24 fluid ounces and 10¢ for containers more than 24 ounces**, with options to increase the refund value in the future. Michigan and Oregon, the two U.S. states with dime deposits, have achieved much higher redemption rates—76% and 86% respectively in 2022—than the deposit states with 5¢ deposits (where reported redemption rates range from 38% to 78%). Ten cents is a strong financial incentive for people to return containers rather than throw them in the trash or litter them. When consumers who purchased the drinks do not take bottles and cans in for refund themselves, there are always other people and groups ready to do the redemption for them to generate income.
4. Including **robust performance targets** as well as a description for the penalties for not completing these targets.
5. Including a separate **Equity and Access Advisory Committee**.

For over 50 years, beverage container deposit laws, or “bottle bills,” have been successful in achieving recycling rates that are up to 3 times higher than those of bottles and cans without deposits. As the graphic at on the following page shows, more than three quarters (77%) of aluminum cans with a deposit were recycled nationwide in 2019, in contrast to just over one third (36%) of cans lacking a deposit. The differences for bottles are more pronounced: 57% vs. 17% for non-deposit PET plastic, and 66% vs. 22% for non-deposit glass.



Increasing beverage sales nationwide has led to burgeoning bottle and can waste. **Based on national statistics, CRI estimates that 73% of the 5.2 billion beverage bottles and cans sold in Minnesota in 2021 were wasted:** littered, landfilled, or incinerated. That level of consumption and wasting represents a significant burden on taxpayers: whether through city-run recycling programs or municipally-contracted trash pick-up and disposal.

If Minnesota were to pass this deposit bill, CRI estimates that the state could recycle **2.7 billion additional containers annually—or just over 190,000 tons of metal, glass, plastic and paper—**over

and above the recycling currently taking place. By reducing the need to make new bottles and cans from virgin materials, this additional recycling would eliminate about 241,674 tons of greenhouse gas emissions: ***an amount equivalent to taking almost 53,000 cars off the road for a year.***

Deposits have multiple benefits, including:

- **Achieving higher recycling rates** than municipal programs alone.
- **Transferring** the financial and operational responsibility for recycling from the local taxpayer to the producers of disposable beverage containers.
- **Adding value to local and regional economies** through the sale and processing of scrap materials.
- **Avoiding greenhouse gas emissions and reducing energy use** by displacing virgin materials in manufacturing.
- **Reducing litter** that is expensive for public and private entities to clean up, that causes injuries to people and domestic animals, and that adds to harmful ocean plastic waste.
- **Promoting job growth;** it is estimated that there are 20,000 total existing jobs resulting from existing deposit return systems in the 10 states where the law exists.

We are optimistic that there will be strong markets for deposit containers generated in Minnesota, in part because multiple global beverage brands have made public commitments to increase their use of recycled materials, as the table on the next page shows.

## Selected plastics reduction commitments by global brands

Company	Timeframe	Commitment or target
Coca-Cola	by 2030	Equivalent of 100% of containers collected and recycled
Coca-Cola	by 2030	Average 50% recycled content in bottles
Danone	by 2025	100% of packaging reusable, recyclable or compostable
McDonald's	by 2025	100% of guest packaging from renewable, recycled or certified sources
Kraft Heinz	by 2025	100% of packaging recyclable, reusable or compostable
Nestlé	by 2025	100% of packaging recyclable or reusable

Reprinted from CRI's Winter 2018 newsletter

© Container Recycling Institute, 2018

These lofty goals can only be met through the increased availability of high-quality beverage bottles and cans for use as feedstock in new containers. Deposit programs consistently generate such high-quality bottles and cans. For example, deposit-grade PET bottles have recently had a value of 17.75¢ per pound, **twice the value of non-deposit, curbside PET** (9¢ per pound).

Deposits on beverage containers are now available to over 553 million people worldwide. With the announcement of multiple new deposit laws in 2022 and 2023 (including Uruguay, Singapore, Poland, and Czechia), **694 million people** will have access to deposit programs by 2025. This trend is projected to continue as more nations realize that deposits are a vital part of the solution to the problem of bottle and can waste.

While we support the passage of this bill, we would like to suggest the following amendments:

1. **Including a concrete mandatory start date to the DIRO.** There is no date within the bill that states when the DIRO must be formed by. Including a concrete start date would make the criteria clearer for distributors and importers, and make the bill more binding.
2. **Including a mandatory start state to when distributors and importers must join the DIRO.**
3. **Listing which state agency department the DIRO reports to.** The lack of this information in turn creates more flexibility in the monitoring mechanisms.

Additionally, some important loopholes need to be addressed:

There is a significant risk that either no DIRO will be formed, or more than one may be formed. In both cases, it would be impossible to enforce the requirement that distributors join a DIRO, and the entire program would be null and void. Similarly, in the future, the DIRO could dissolve at will at any time, ending the entire program. Again, it would be difficult to enforce any requirements upon distributors, as they would point to the actions of the DIRO as the cause of the program dissolution. Other programs avoid these loopholes by making distributors individually responsible for taking back their own containers and issuing refunds, and other programs give the distributors the choice to discharge their obligations through a cooperative.

There are also potential loopholes in the definitions of beverage containers, producers and consumers.

Another significant loophole is the “free-rider” issue of nonreporting or underreporting by beverage distributors. As written, HF 3200 does not contain enough provisions to allow the state to monitor or enforce this, and with nearly \$300 million in deposits initiated, it’s important for the state to be able to ensure that these funds are charged and used appropriately. There is a significant risk that the funds can instead be used by beverage distributors for other purposes.

In sum, CRI supports the passage of a beverage container deposit law in Minnesota. Please contact me with any questions you may have.

Sincerely,

A handwritten signature in blue ink that reads "Susan Collins". The signature is fluid and cursive, with the first name "Susan" written in a larger, more prominent script than the last name "Collins".

Susan Collins  
President, Container Recycling Institute



February 20, 2024

My name is Sally Greenberg, and I am the Chief Executive Officer of the National Consumers League, an organization founded in 1899 to fight for the rights of consumers and workers. Although now based in Washington D.C., I am a native Minnesotan, so I fully appreciate the pride citizens of this great state have in our state's parks, lakes, and environmental stewardship.

Today, the Minnesota legislature has an excellent opportunity to protect Minnesota's natural beauty *and* empower consumers by advancing smarter recycling policy. The sad reality is that Minnesota's recycling rate is a dismal 20% and 30% of Minnesota families do not have access to recycling. These are hardly passing grades, and consumers are eager to do their part. Only special interests want to preserve the status quo.

One solution is a recycling refund program, also known as a beverage container deposit return system or bottle bill. Already an important component of successful recycling systems in 10 U.S. states, recycling refunds create an incentive for consumers to conveniently and equitably return their beverage containers for a refund of the original deposit paid at purchase.

A new recycling refund system, like that being considered in Minnesota, has the benefit of learning from established best practices. This includes many consumer-friendly features, such as incentivizing retailers to host redemption points, ensuring return sites are not spread too far apart in population centers, and enabling consumers to simply drop off a bag full of redeemable bottle and cans to get their refund. In Oregon, consumers can even send the value of their deposits directly into a college savings fund.

Perhaps most importantly, recycling refund systems are incredibly popular among consumers because they make recycling easy. A recent poll showed that recycling refund programs were supported by about 90 percent of voters in states where they already exist.

Consumers understand the value of recycling and want to do their part to improve the system. They know that increased recycling reduces waste, litter, and greenhouse gas emissions. But recycling has become deeply confusing for consumers, which has made for a less efficient and effective system. A recycling refund program in Minnesota can help change that because we know recycling refunds work.

I thank Rep. Sydney Jordan for her leadership on this issue and urge the Committee to pass HF 3200 as the first step in making recycling refunds a reality in Minnesota.

Sincerely,

A handwritten signature in black ink, appearing to read "Sally Greenberg". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Sally Greenberg  
Chief Executive Officer  
National Consumers League  
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Sallyg@nclnet.org





February 21, 2024

Rep. Rick Hansen  
Environment and Natural Resources, Finance, and Policy Committee  
Minnesota House of Representatives  
10 State Office Building  
Saint Paul, Minnesota 55155

**RE: Testimony In Support of HF 3200 and Urging the Committee to Make Targeted Amendments.**

Dear Chair Hansen, Vice Chair Jordon, and Members of the Minnesota Environment and Natural Resources, Finance, and Policy Committee:

Thank you for the opportunity to provide testimony in support of HF 3200. **Just Zero supports this bill. However, we strongly urge the Committee to make targeted amendments to the bill to ensure the program is as effective as possible. This must include establishing return to retail requirements.<sup>1</sup>**

Just Zero is a national environmental non-profit advocacy organization that works alongside communities, policy makers, scientists, educators, organizers, and others to implement just and equitable solutions to climate-damaging and toxic production, consumption, and waste disposal practices. We believe that all people deserve Zero Waste solutions with zero climate-damaging emissions and zero toxic exposures.

HF 3200 would establish a beverage container recycling refund program – more commonly known as a “Bottle Bill” – in Minnesota. Just Zero is extremely supportive of Bottle Bill programs because they are – without question – the most effective recycling programs ever created. If enacted, HF 3200 will reduce litter, increase recycling, and create jobs.

**I. Bottle Bill Programs Are Incredibly Popular and Prevalent.**

Bottle Bill programs have been implemented in dozens of jurisdictions around the world, with new programs developing each year. The first Bottle Bill was established in 1970, in British Columbia, Canada.<sup>2</sup> Since then, over 50 additional jurisdictions have adopted programs, including ten U.S. states, almost all Canadian providences, and a large portion of the European

<sup>1</sup> Return to retail is the concept that retail establishments such as big box stores, grocery stores, and larger convenience stores should act as locations where consumers can return their empty containers in order to get the deposit back.

<sup>2</sup> Reloop, [Global Deposit Book – 2022: An Overview of Deposit Return Systems for Single-Use Beverage Containers](#). (Nov. 2022)



Union.<sup>3</sup> Right now, over 290 million people live in communities with a Bottle Bill.<sup>4</sup> This number is expected to grow as more programs come online. This legislative session, Illinois<sup>5</sup>, Maryland<sup>6</sup>, New Hampshire<sup>7</sup>, Rhode Island<sup>8</sup>, and Washington<sup>9</sup> are all also considering proposals to implement new Bottle Bill programs. These states see these programs as necessary to meet waste reduction, recycling, and climate goals.

## II. The Benefits of Implementing a Bottle Bill

The reason that Bottle Bill programs are so popular and prevalent is because they're incredibly effective at reducing litter, increasing recycling, and creating jobs. Moreover, as a form of producer responsibility, Bottle Bill programs provide these benefits while also helping save consumers and governments money.

### A. Litter Reduction.

Placing a refundable deposit on every single-use beverage container sold in Minnesota will incentivize consumers to hold on to their empty containers and bring them back for recycling. Essentially, the refundable deposit creates an understanding that while you are buying the beverage, you're renting the container. This incentive is extremely important because most single-use beverages are consumed on-the-go and outside of the home. This is why you see plastic soda bottles littering, parks, streets, and streams, but not plastic peanut butter jars.

After Hawaii enacted a Bottle Bill program in 2005, the number of beverage containers collected during Hawaii's Coastal Cleanup fell from 23,471 in 2004, to 10,905 in 2007 – a 53% drop in just three years.<sup>10</sup> These litter reductions have occurred in all ten states with Bottle Bills. A 2020 study by Keep America Beautiful found that states without Bottle Bills have double the amount of beverage container litter than their Bottle Bill counterparts.<sup>11</sup> Less litter doesn't just mean cleaner, more vibrant communities, it also means less spending on clean-up efforts. Estimates show that the United States spends more than \$11 billion on litter clean up every year.<sup>12</sup>

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<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> See, [Senate Bill 85](#) and [House Bill 4205](#).

<sup>6</sup> See, [Senate Bill 642](#) and [House Bill 735](#).

<sup>7</sup> See, [House Bill 1636](#)

<sup>8</sup> [Rhode Island Special Joint Legislative Commission to Study and Provide Recommendations to Protect Our Environment and Natural Resources from Plastic Bottle Waste.](#)

<sup>9</sup> See, [House Bill 2144](#)

<sup>10</sup> Haw. Dep't of Health, Report to the Twenty-Fifth Legislature 9 (2009).

<sup>11</sup> Keep America Beautiful, [2020 National Litter Study](#). Page. 3. May 2021.

<sup>12</sup> Andrew Lisa, [It Costs Over \\$11 Billion Per Year to Clean Up Litter – How the Pandemic's Effect on Trash Output May Make It Worse](#), Yahoo. (April 22, 2021).



### B. Increased Recycling Rates.

Litter reduction is not the only benefit these programs provide. States with Bottle Bill programs also have significantly higher recycling rates than their non-Bottle Bill counterparts. On average, states with Bottle Bills have double the recycling rates than those that rely solely on curbside recycling programs.<sup>13</sup> In terms of plastic and glass bottles, Bottle Bill programs produce recycling rates that are often three times higher than single-stream recycling.<sup>14</sup>

The higher recycling rates are attributed to more containers being returned for recycling as a result of the refundable deposit. However, Bottle Bills don't simply increase the number of containers that are returned for recycling. They also create a higher quality of recycled material which significantly increases the likeliness that the containers will actually be recycled to manufacture a new product. In fact, while the ten Bottle Bill states only represent 27% of the U.S. population, they account for over 50% of all beverage containers recycled annually.<sup>15</sup> Moreover, the Bottle Bill states also have higher overall recycling rates as their municipal and curbside recycling systems can better focus their efforts on capturing and recycling other common recyclables.<sup>16</sup>

### C. Job Creation.

In addition to reducing litter and increasing recycling rates, Bottle Bills also create good, local jobs. In fact, reports show that Bottle Bills can create between 11 and 38 times more jobs than curbside recycling.<sup>17</sup> These jobs include technicians to service reverse vending machines, bag drop systems, and other forms of beverage container collection, storage, and sorting systems. As well as jobs associated with hauling beverage containers from redemption locations to centralized storage areas. There are also other indirect jobs associated with increased recycling and manufacturing of recycled materials. A recent analysis of New York's Bottle Bill found that the program supports 5,700 jobs statewide.<sup>18</sup>

### D. Saving Consumers and Government Money.

As a form of producer responsibility, Bottle Bill programs provide these benefits at no cost to consumers or government. At a time where recycling systems are struggling and plastic production and waste is increasing, the idea at the center of Bottle Bill programs remains that the

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<sup>13</sup> Container Recycling Institute, [U.S. Nominal Recycling Rates by Deposit Status](#) (2019).

<sup>14</sup> *Id.*

<sup>15</sup> Marissa Heffernan, [Report: Bottle Bills States Recycle More, Provide Models](#), Resource Recycling. (Jan 2, 2024).

<sup>16</sup> Eunomia, [The 50 States of Recycling: a State-by-State Assessment of US Packaging Recycling Rates](#). (Dec. 2023).

<sup>17</sup> Reloop, [Factsheet: Deposit Return Systems Create More Jobs](#) (2022).

<sup>18</sup> Sarah Edwards, Eunomia Research and Consulting, Inc., [Employment and Economic Impact of Container Deposits](#), table E1 (Jan. 2019).



companies that manufacture and distribute single-use beverage containers should ultimately be responsible for the end-of-life management of them. If a Bottle Bill program is created in Minnesota, cities, towns, and residents will no longer be stuck paying to collect, sort, and recycle all of these containers. Instead, the large companies that manufacture them will.

### **III. With Targeted Amendments, HF 3200 Will Create a Modern and Effective Bottle Bill Program.**

HF 3200 contains several essential requirements necessary for a truly effective Bottle Bill program, including clear and enforceable performance standards, and in-statute measures to adjust the deposit value. However, several of these provisions should be strengthened to ensure the program is as effective as possible.

Additionally, the bill should also be amended to establish robust return-to-retail requirements. A Bottle Bill program is only effective if it is convenient for consumers to return their empty containers. Requiring retail stores that sell beverage containers to provide redemption services is the most effective and efficient way to ensure consumers can participate.

#### A. Performance Standards.

HF 3200 sets minimum redemption rates which the Distributor and Importer Responsibility Organization is required to achieve. The minimum redemption rate starts at 70% before rising to 85%. This is realistic and achievable. High-performing Bottle Bill programs can and have attained redemption rates of 90% and above. A report from Eunomia on Bottle Bill programs in Europe found that the redemption rates vary between 84% and 96%, with a median rate of 91%.<sup>19</sup> Additionally, the bill ensures that failure to meet the performance standards will result in corrective action and penalties. These measures will ensure that the Distributor and Importer Responsibility Organization is incentivized to operate the program effectively and that the program can be adjusted to meet unexpected issues that impact performance.

#### B. Ability to Adjust the Deposit Value.

Additionally, HF 3200 allows the state to change the deposit value. The state can change the deposit value either by deciding, in consultation with the Distributor and Importer Responsibility Organization, to change it, or upon request from the Distributor and Importer Responsibility Organization. It is critical that the law include mechanisms to increase the deposit value over time. Declining redemption rates means either that there are not enough points of redemption or that the value of the deposit is not high enough to incentivize participation. This language will make sure that the program can adjust over time to address inflation and keep the deposit value high enough to incentivize consumers to participate.

<sup>19</sup> Eunomia, [PET Market in Europe State of Play: Production, Collection, and Recycling Data](#), pg. 14. (2020)



However, we urge you to consider amending the bill to require an automatic increase of the deposit value by five cents if the Distributor and Importer Responsibility Organization fails to meet the minimum redemption rates for two consecutive years. This will allow the program to be more proactive when redemption rates are declining. Oregon adopted this approach and it proved to be extremely successful. In 2011, the Oregon legislature adopted language that would require the deposit value to increase from five cents to ten cents if the redemption rate fell below 80% for two consecutive years.<sup>20</sup> The redemption rate dropped to 64.5% in 2014, and 68.3% in 2015.<sup>21</sup> In response, the deposit value increased, and the redemption rate skyrocketed to 90% in 2018.<sup>22</sup>

### C. Robust Return to Retail Provision

Just Zero is extremely concerned that the amended version of HF 3200 removes any requirement for retailers to host beverage container processing mechanisms. The bill must be amended to address this. If consumers cannot easily and conveniently return their empty containers, the program will not be effective.

Retail oriented approaches to redemption consistently achieve redemption rates of 90%.<sup>23</sup> This approach is intuitive and convenient for consumers who can return their empty containers at the same types of stores they typically purchase beverages from in the first place. This also reduces the need for additional trips or stops for redemption. Additionally, many retail stores, especially larger stores and grocery stores, are located along public transit routes which makes redemption convenient and equitable for residents without cars and in urban areas.

Therefore, we strongly urge the Committee to amend the bill to require that retailers offer redemption services. Specifically, we urge you to amend the bill to require:

- (1) The Distributor and Importer Responsibility Organization to pay for the cost of installing, maintaining, and servicing the beverage container processing mechanisms at retail locations. This will ensure that the beverage companies are paying for the redemption equipment, not the retailers.
- (2) The state to develop a formula to determine how to fairly compensate annually retailers that are hosting beverage container processing mechanisms. This will essentially function as a rental fee which the Distributor and Importer Responsibility Organization will pay retailers for using a portion of their store to host beverage container processing mechanisms.
- (3) All stores with 10,000 sq. ft. of floor space or more to host beverage container processing mechanisms. These stores have the space to host beverage container processing

<sup>20</sup> Talia Richman, [Oregon Bottle Deposit Will Go From Nickle to Dime Next Year](#), Oregon Live. (Jan 9, 2017).

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> Reloop, [Global Deposit Book 2022: An Overview of Deposit Return Systems for Single-Use Beverage Containers](#), p. 15. (Nov. 2022).



mechanisms and are generally places which people frequently shop at. Therefore, to ensure consumers have access to convenient points of redemption, these stores should be required to host beverage container processing mechanism.

- (4) At the request of the Distributor and Importer Responsibility Organization, all stores with at least 5,000 sq. ft. or more of floor space, but less than 10,000 sq. ft. of floor space, to host beverage container processing mechanisms.

These amendments would allow the Distributor and Importer Responsibility Organization to work with smaller and medium-sized retailers to determine whether they should host beverage container processing mechanisms, while also ensuring that larger retailers are required to act as a point of redemption. This will create a base level of certainty for consumers, while also providing flexibility.

#### **IV. Minnesota Should Keep Extended Producer Responsibility for Packaging and the Bottle Bill Program Separate.**

Finally, we understand that this session the Minnesota Legislature is also considering HF 3577 and SF 3561, which would create an Extended Producer Responsibility (“EPR”) for Packaging Program. We strongly support those bills as EPR for Packaging is a commonsense policy that will help fund improvements in recycling infrastructure while also requiring companies to redesign their products and packaging to be more environmentally friendly. However, it is important that Minnesota establishes a Bottle Bill program and an EPR for Packaging Program. A Bottle Bill should not be abandoned and replaced with an EPR for Packaging program that covers beverage containers.

Including beverage containers in an EPR for Packaging program minimizes the effectiveness of the program while sacrificing the benefits associated with a Bottle Bill. Including beverage containers in an EPR for Packaging program keeps the beverage containers in the curbside recycling system, rather than having them separated and managed through their own dedicated program as is the case with a Bottle Bill. As a result, the beverage containers continue to be heavily contaminated which limits their marketability for the use in manufacturing new containers.

Additionally, without a standalone Bottle Bill Minnesota won’t see significant litter reductions. A central part of Bottle Bill programs is that every container sold has a refundable deposit placed on it to incentivize consumers to bring the empty container back for recycling. This incentive is what reduces litter because the containers now have an economic value. When beverage containers are included in an EPR for Packaging program they don’t have a deposit and therefore continue to be littered.



## V. Conclusion

The time to act is now. HF 3200 will reduce litter, increase recycling, save Minnesota residents money, and create strong, local jobs. Overall, this is a strong proposal. However, the Committee should make targeted amendments to improve the proposal so that it is as effective as possible. These amendments must include establishing return to retail requirements and strengthening the methods for increasing the deposit value. If you have any questions or need any additional information, please don't hesitate to reach out.

Respectfully submitted,

Peter Blair Esq.  
Policy and Advocacy Director  
Just Zero.

February 20, 2024

State Rep. Rick Hansen, Chair  
MN House Environment and Natural Resources Finance and Policy Committee  
407 State Office Building  
St. Paul, MN 55155

**Support for HF 3200**  
**Creating a beverage container recycling refund program in Minnesota**

Dear Chair Hansen and Members of the Committee:

I am writing in support of Committee Vice Chair Sydney Jordan's HF 3200, which would create a beverage container recycling refund program in Minnesota. **I ask that you and the committee members vote yes on HF 3200 and advance the bill to its next committee.** [Recycling refunds](#) incentivize consumers to recycle their aluminum beverage cans by paying a small deposit when they buy the beverage that they get back when they redeem their empty bottles and cans for recycling.

As a beverage can end maker, I am focused on making sure more of the infinitely recyclable aluminum in beverage cans is recycled. Recycling refunds have proven to deliver significantly greater aluminum beverage can recycling. According to the Container Recycling Institute (CRI), aluminum beverage cans [sold](#) today in the United States with a deposit have a 77 percent recycling rate, while those sold without a deposit only have a 36 percent recycling rate. In more modern recycling refund systems across the [more than 40 countries](#) that have a recycling refund system, several of them consistently achieve [greater than 90 percent](#) redemption rates.

Minnesota would benefit from these much higher recycling rates since it has a lot of room for improvement. The Recycling Partnership's *2024 State of Recycling Report* has Minnesota at a [20 percent](#) recycling rate. Specific to beverage containers, CRI [estimates](#) that each year 3.8 billion beverage containers sold in Minnesota that are collectively worth \$47.2 million go to landfill. Of those 3.8 billion beverage containers annually going to landfill, 1.4 billion are aluminum beverage cans.

Recycling aluminum has both environmental and economic benefits. Recycled aluminum is [94 percent](#) less carbon intensive than making primary aluminum. Accordingly, if the 1.4 billion aluminum beverage cans that Minnesota is currently sending to landfill instead were recycled, that would lead to a greenhouse gas [savings equivalent](#) to taking more than 30,000 cars off the road. These cans being recycled also means rather than ending up in Minnesota landfills, waterways, or public spaces, the aluminum can be used in domestic manufacturing. The can industry value chain already recycles [more than 90,000](#) aluminum beverage cans per minute in the United States, which is part of how aluminum beverage cans manufactured in the United States average [73 percent](#) recycled content. A greater domestic, resilient supply of aluminum means less need for virgin and imported aluminum, and the U.S. can industry is able to make cans with an even lower carbon footprint.

The status quo is broken and curbside recycling alone will not solve the problem. Today, [30 percent](#) of Minnesota households do not have access to recycling. The recycling refunds





program would ensure convenient access to beverage container recycling for all Minnesotans. Further, even if the curbside situation was improved, it would not address recycling for the estimated [one-third](#) of beverage containers consumed away-from-home.

House File 3200 is important to my company. Minnesota now has an opportunity to demonstrate its leadership by creating an industry-driven program that incentivizes residents to recycle their aluminum beverage cans. These containers will be kept out of landfills and Minnesota's beautiful public spaces and instead be available for my industry to make new beverage cans. I appreciate your support for proven environmental policy that supports recycling and manufacturing. **Please vote yes and advance the bill.**

A handwritten signature in black ink, appearing to read "Ryan Haala".

Sincerely,

Ryan Haala  
Plant Manager – Mankato, MN  
CROWN Beverage Packaging North America  
Office: 507-344-6218  
[www.crowncork.com](http://www.crowncork.com)



Open Water  
3700 S Iron St  
Suite 4C  
Chicago, IL 60609  
[drinkopenwater.com](http://drinkopenwater.com) | 305-771-1357

*Submitted via email*

State Rep. Rick Hansen, Chair  
MN House Environment and Natural Resources Finance and Policy Committee  
407 State Office Building  
St. Paul, MN 55155

February 20, 2024

**Re: Support for HF 3200, creating a beverage container recycling refund program in Minnesota**

Dear Chair Hansen and members of the committee:

On behalf of Open Water, I am writing in support of Committee Vice Chair Sydney Jordan's HF 3200, which would create a beverage container recycling refund program in Minnesota. I ask that you and the committee members vote yes on HF 3200 and advance the bill to its next committee. Recycling refunds incentivize consumers to recycle their aluminum cans by paying a small deposit when they buy the beverage that they get back when they redeem their empty bottles and cans for recycling.

Founded and headquartered in Chicago, Open Water is a bottled water company dedicated to keeping plastic out of our oceans. We exclusively use aluminum bottles and cans to package our water, as they are recycled more than twice as often as plastic, glass, and cartons. We donate a portion of every sale to help clean up the damage that's already been caused by plastics and were the first certified Climate Neutral water brand in the world.

Open Water is committed to sourcing the highest recycled content available for our products and ensuring that the aluminum we use for our beverages is recycled. Recycling refunds have proven to deliver significantly greater recycling of aluminum beverage containers. According to the Container Recycling Institute (CRI), aluminum beverage containers sold today in the United States with a deposit have a 77 percent recycling rate, while those sold without a deposit only have a 36 percent recycling rate. In more modern recycling refund systems across the more than 40 countries that have a recycling refund system, several of them consistently achieve greater than 90 percent redemption rates.

Minnesota would benefit from these much higher recycling rates since it has a lot of room for improvement. The Recycling Partnership's 2024 State of Recycling Report has Minnesota at a 20 percent recycling rate. Specific to beverage containers, CRI estimates that each year 3.8 billion beverage containers sold in Minnesota that are collectively worth \$47.2 million go to landfill. Of those 3.8 billion beverage containers going to landfill, 1.4 billion are aluminum beverage cans, which have a consistently high scrap value.

Recycling aluminum has both environmental and economic benefits. Recycled aluminum is 94 percent less carbon intensive than producing primary aluminum. Accordingly, if the 1.4 billion aluminum beverage cans Minnesota is currently sending to landfill instead were recycled, that would lead to a greenhouse gas savings equivalent to taking more than 30,000 cars off the road. These cans being recycled also means rather than ending up in Minnesota landfills, waterways, or public spaces, the aluminum can be used in domestic manufacturing. The can industry value chain already recycles more than 90,000 aluminum beverage cans per minute in the United States, which is part of how aluminum beverage cans manufactured in the United States average 73 percent recycled content. A greater

domestic, resilient supply of aluminum means less need for virgin and imported aluminum, and the U.S. can industry is able to make cans with an even lower carbon footprint.

Unfortunately, curbside recycling alone will not solve the problem. Today, 30 percent of Minnesota households do not have access to recycling. The recycling refunds program would ensure convenient access to beverage container recycling for all Minnesotans. Furthermore, even if the curbside situation was improved, it would not address recycling for the estimated one-third of beverage containers consumed away-from-home.

HF 3200 is Minnesota's opportunity to demonstrate its leadership by creating an industry-driven program that incentivizes residents to recycle their aluminum beverage cans. These containers will be kept out of landfills and Minnesota's beautiful public spaces and instead be available as recycled beverage cans that a brand like Open Water can use to package our beverages. I appreciate your support for proven environmental policy that supports recycling and manufacturing and I urge you to vote yes to advance the bill.

Thank you for the consideration of our comments and please reach out with any questions or for additional information about our commitment to HF 3200.

Sincerely,

A handwritten signature in black ink, appearing to read "Niki".

Niki Mazaroli  
Director of Sustainability  
[niki@drinkopenwater.com](mailto:niki@drinkopenwater.com)

February 20, 2024

Dear Chair Hansen and members of the committee:

I am writing in support of HF 3200, which would create a beverage container recycling refund program in Minnesota. According to [data from our customer, Ball Corporation](#), only 55% of beverage cans in Minnesota today are recycled into new ones. That means the remainder are buried in landfills.

Novelis is one of the world's largest recyclers of aluminum. We create new aluminum from used for the beverage packaging, automotive, aerospace, transportation, building & construction and other industries who seek strong, lightweight and sustainable materials to support the circular economy. The company's most heavily recycled items are beverage cans; we recycle more than 80 billion beverage cans globally. Recycling aluminum requires approximately 95% less energy and produces roughly 95% fewer greenhouse gas emissions than manufacturing primary aluminum.

Novelis is in the process of expanding our U.S. recycling and rolling operations in response to strong demand from beverage container customers. This capital investment will allow us to substantially increase the amount of used beverage cans we purchase and recycle into new aluminum in the U.S.

We need a strong domestic supply for this critical material. We know from purchasing in other states and globally that recycling refund programs significantly improve aluminum can recycling rates and keep cans in an endless closed loop.

In addition, Novelis and the U.S. aluminum industry's equipment can't effectively process contaminants such as food, plastic or other metals that are so often mixed in curbside recycling. These contaminants require far more energy to extract and prevent a used can from being converted into a new one and back on store shelves in just 60 days. A recycling refund program would increase the amount of reusable aluminum.

We ask that you support this proven environmental policy that supports recycling and manufacturing.

Sincerely,

Fiona Bell  
Director of Government Affairs, Novelis



February 20, 2024

The Honorable Rick Hansen  
Environment and Natural Resources Finance and Policy Committee  
Minnesota House of Representatives  
407 State Office Building  
St. Paul, MN 55155

**Re: Support for HF3200 “The Minnesota Recycling Refunds Act”**

Chairman Hansen and Members of the Environment and Natural Resources Finance and Policy Committee:

On behalf of the PET Resin Association (PETRA)<sup>1</sup>, the industry association representing North American producers of polyethylene terephthalate (PET), I want to express our support of HF3200, “The Minnesota Recycling Refunds Act.” This legislation would establish a Distributor and Importer Responsibility Organization and create a beverage container recycling redemption refund program in Minnesota – also referred to as a bottle bill.

The enactment of a bottle bill such as the one being proposed in Minnesota would go a long way to boost recycling rates and reduce plastic waste, just as it has in other states that have enacted such a program. A bottle bill could also lead to higher quality recyclable materials, as plastics collected through this system typically undergo less damage. Further, this bill aligns with the increasing interest from consumers in recycling, and it would support industry’s growing efforts to increase the use of recycled PET in new containers.

PET is the clear and lightweight plastic used around the world to package foods, beverages, personal care products, and other consumer items, and it is the most recycled plastic in the United States. PETRA members are making significant investments – upwards of \$1 billion – and supporting policies at the local and national level to support increased reclamation, collection, and recycling of PET. Bottle bills are an integral part of solving the plastic waste crisis, and PETRA encourages the Minnesota General Assembly to act swiftly to enact this important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph Vasami", with a long horizontal flourish extending to the right.

Ralph Vasami  
Executive Director  
PET Resin Association (PETRA)  
529 14<sup>th</sup> Street, NW, Suite 1280  
Washington, DC 20045  
(202) 591-2438 | rvasami@kellencompany.com | www.petresin.org

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<sup>1</sup> Our members include APG Polytech USA Holdings, Inc., DAK Americas LLC, and Indorama Ventures. Together we represent the largest PET producers in the U.S.



Minnesota Chapter

February 21, 2024

House Environment and Natural Resources Policy and Finance Committee  
407 State Office Building  
Saint Paul, MN 55155

RE: Opposition to HF 3200

Dear Committee Members:

Thank you for the opportunity to weigh in on HF 3200. As you heard yesterday, our members are committed to working with you to increase recycling rates across Minnesota, but we do not support doing so in a way that undermines the economics of recycling in the state.

Most states with container deposit bills implemented them before the advent of curbside recycling programs. Minnesota has a robust recycling program, and our members have invested heavily in collection and materials recovery facilities (MRFs) to support it. The system we have is supported by revenues from selling the materials we collect. House File 3200 removes 5-10% of materials from our recycling streams, which translates to 30-50% of the revenues. With this loss in revenue, the recycling industry – and our municipal partners - will not be able to maintain current collection and processing systems without raising fees.

While the bill does include language to reimburse existing MRFs for processing beverage containers collected through the redemption program, it is not at levels sufficient to cover the lost revenues, and the reimbursements are short term, not for the life of the program. The Can Manufacturer Institute's recent study that attempts to address MRF reimbursement under container deposit bills fails to include necessary equipment modifications, space considerations, and fixed operating costs – which do not go away. Therefore, MRF's must charge higher processing fees to their customers, including local governments, for the existing services in addition to the costs of a container deposit system – greatly increasing the overall cost of recycling for Minnesota residents.

Lastly, we have grave concerns about the interaction of a new container deposit program with the proposed packaging waste bill (HF3577). Both bills give considerable power to non-government entities to dictate the economics of recycling, which support the jobs of over 17,000 Minnesotans. Again, we ask you to reject this approach and work with our industry on solutions that build on our state's existing infrastructure and investments.

Sincerely,

A handwritten signature in blue ink that reads "Amber L. Backhaus".

Amber L. Backhaus, Lobbyist  
NWRA - MN Chapter



February 20, 2024

The Honorable Rick Hansen, Chair  
The Honorable Sydney Jordan, Vice Chair  
Environment and Natural Resources Finance and Policy Committee  
Minnesota House of Representatives  
100 Rev. Doctor Martin Luther King, Jr. Blvd.  
St. Paul, MN 55155

Dear Chair Hansen, Vice Chair Jordan, and Members of the Committee:

On behalf of the National Taxpayers Union (NTU), America's oldest taxpayer advocacy organization, and its many supporters in Minnesota, we write to offer our comments regarding HF 3200 and its underlying concepts, both of which we understand will be a topic in today's meeting of the Committee.

Minnesota lawmakers have an opportunity to lead the way with a new beverage container deposit program that could, if properly structured, not only save taxpayer dollars but also dramatically increase recycling rates, create jobs and improve the state's economy. A successful outcome for taxpayers greatly depends upon the specific language the Committee now chooses to offer to the full House.

Under model versions of the program, consumers would pay a deposit fee when purchasing beverage containers from commonly recycled materials such as plastic, aluminum, or glass. The consumer would then return the container to the place of purchase and receive their full refund. The program would be managed and paid for by a private sector entity, therefore not adding to the state's budget. The private sector entity would provide oversight to ensure the program operates properly and efficiently.

NTU urges you to ensure that HF 3200 hews to these general principles as the legislation undergoes another reading. In addition, there are specific points to which legislation in this area should adhere to obtain the best possible outcome for taxpayers. Accordingly, NTU wishes to offer the attached analysis to aid you in your deliberations over the best design of a container deposit program involving a PPP.

We are hopeful that, guided by a thoughtful legislative process, a final version of HF 3200 will incorporate and reflect best practices for a new container deposit program that taxpayers will be able to support. NTU looks forward to engaging with the Committee on this and other bills of interest in the days ahead.

Sincerely,

Leah Vukmir  
Senior Vice President of State Affairs

Pete Sepp  
President



## **Not Your Father’s “Bottle Bill”: Taxpayers Await New, Better Recycling Programs**

By Leah Vukmir

Having served 16 years as a state elected official, I heard a common refrain from local government officials in my district: “Please send us more money so we can provide property tax relief to our residents!” Finding ways for government at all levels to be more efficient should be the goal of lawmakers everywhere – and one opportunity that’s been coming to prominence recently has to do with recycling beverage containers.

For more than 50 years, National Taxpayers Union (NTU) has been tracking, analyzing, and advocating for good ideas to reform local government services so that they work better and cost taxpayers less. All the way back in 1976, NTU published “Cut Local Taxes – Without Reducing Essential Services,” authored by local government finance expert Bob Poole at the Reason Foundation.

Poole noted at the time that municipal garbage collection had long been a leading field where contractors operated in place of government agencies. In fact, according to a Columbia University study Poole explained extensively, private firms had already provided garbage collection in three times as many cities as public entities. In addition, the study found, the typical government-run trash collection operation was 68 percent more expensive than a contracted company’s service, due to many factors: larger crews, poor route design, and inefficient maintenance all made the government-provided garbage pick-up more expensive.

While private-sector-driven trash collection was firmly embedded in 1976, non-industrial recycling of certain throwaway materials was a much newer development. During the 1970s several states began adopting “deposit return systems” (DRS), or “bottle bills.” These are laws whereby the price of a recyclable product (such as glass soda bottles that were popular at the time) reflected an embedded charge, determined by a state or local government, that consumers could recover if they returned the empty containers to a retail outlet or other approved facility. While consumers could simply choose to pay the difference instead of redeeming deposits to get their money back, in general these bottle bills were intended to provide sufficient incentives that would meet certain recycling targets.

But changing times require changing laws – and a new generation of bottle bills, properly drafted, can be up to the challenge of providing effective recycling that serves taxpayers, consumers, and businesses better than before. This framework has been developed not only by



think tanks but also industry experts who've learned about the successes and failures of past efforts to encourage recycling of valuable materials cost-effectively.

Elements include:

- A scale of deposit values a consumer can receive per container, depending on the volume it holds. All containers, aside from those containing drugs, baby formulas, or special medically prescribed foods, could be eligible under the program.
- A non-government entity (e.g., a nonprofit organization) would manage the activities program's industrial participants, primarily distributors of eligible products. The organization would also be in charge of collecting fees (set to cover the collection costs of each type of material) on distributors and other participants in the system, as well as deciding where and how to most efficiently sell the materials collected. Unredeemed consumer deposits could be reinvested in the organization's management operations.
- The organization would, at its own expense, provide and maintain container collection and processing machines (and in some cases parking) for consumer use at selected retailers. The space that retailers provide for these collection points would depend upon the size of the establishment.
- Appropriate oversight of the organization would be provided by a government agency (compensated by the organization rather than funded by taxpayers), while other recycling performance targets and ongoing progress reports would be required.

This model, which could be described as a form of Public Private Partnership (PPP), has a number of parallels in the policy world. At the federal level, for example, NTU has long supported transitioning the U.S. air traffic control system, currently operated by the Federal Aviation Administration and funded by several specific taxes, into one [funded by user charges](#). Embraced by dozens of countries around the world, such as Canada and the UK, this structure utilizes a non-governmental entity with a board of directors consisting of airlines, airports, union leaders, and others concerned with the quality of air traffic control service. The government then retains the role of safety regulator over this service providing organization. The [results from abroad](#) generally show that the PPP running the taxpayer-funded air traffic control system is more responsive and [less expensive](#) than the government-run entity it replaced, without compromising public safety.

At the local level, PPPs have been successfully employed here and abroad to complete infrastructure projects like roads and bridges more quickly and cost-effectively than traditional procedures where a government agency is in charge of all contracting and accepts the risks of delays or ownership of defective products. Under a PPP, a private entity can become the total contract manager – from designing, to building, to maintaining the structure. In other countries, this concept has also been applied to “vertical infrastructure” such as schools and government



office buildings. In the U.S., NTU-backed legislation called the Public Buildings Renewal Act (PBRA) would have made key changes to federal tax policy that would allow local PPPs for vertical infrastructure to be more commonplace. A [study](#) NTU commissioned from the Beacon Hill Institute found that “every dollar of investment enabled by PBRA would boost the economy by \$2.80, all while saving taxpayers an average of 25 percent over the lifespan of each project.”

Recent bottle bills would harness these powerful, pro-taxpayer precepts on behalf of an area of public policy that could definitely stand greater fiscal discipline: recycling.

Currently, [10 states](#) have created “bottle bill” programs which have yielded significantly higher recycling rates across a variety of containers. Changes in [Chinese recycling policies](#) in 2018 collapsed the recycling market in the United States. China stopped taking foreign materials, dramatically worsening a trend of rising costs for local curbside programs in the United States. Without these exports, the price per ton that can be recovered from most types of curbside recyclables is often dwarfed by “tipping fees” and the additional expense of maintaining special vehicles and other facilities for pickup and processing.

As a recent [Manhattan Institute study](#) pointed out, the economics of curbside recycling for most governments are likely to remain poor or at least tenuous from a taxpayer’s standpoint unless municipalities significantly rethink how they deliver the services.

The addition of a statewide recycling program has the potential to save significant taxpayer dollars, by taking some of the pressure off of the local programs and directing them to the statewide program. Also, by establishing a private-public partnership relying on fewer collection points (retail instead of residential), more efficient pickup and transport, and more selective sorting as opposed to “single streams” of recyclables that tend to contain less valuable or contaminated materials, the economics of recycling in general may be less vulnerable to market shocks such as China’s decision.

Taxpayers have a major interest in efficient, effective government -- innovating the way city-county-state level services are delivered can help to keep property taxes under control while conserving precious dollars for other budget priorities. It will also lead to higher recycling rates which can be a plus for the environment, if coupled with more effective systems for financial oversight.

As legislative sessions continue across the U.S., NTU will be seeking opportunities to advance the right kind of legislation to reform recycling programs, alongside numerous other projects to ensure that taxpayers come first. Here are some principles that taxpayers are looking for in ideal DRS legislation:

- 1) **Net Cost Reductions for Taxpayers.** For all the reasons above, one important goal of the new DRS approach must be to relieve some of the financial pressure of conventional curbside recycling on taxpayers and ratepayers. NTU recommends that legislation should contain statutory language affirming this objective in the design of the program alongside other more obvious ones such as benefits to the environment. The performance goals of the non-governmental entity in charge of administering the program should include not only measurements such as percentage rates of recycling particular materials, but also cost-per-ton comparisons with the curbside program and any resulting savings.
- 2) **Transparency.** Consumers should understand the deposit on each container, with clear labeling indicating the amount that can be redeemed (typically 10 cents on a container of 24 ounces or less, 15 cents on bigger containers). However, labeling should also ideally indicate more clearly that the deposit has already been embedded in the price of the product the consumer has purchased. This will have the salutary effect of incentivizing more consumers to participate in recycling.
- 3) **Robust Risk Transfer.** Whether they involve air traffic control, facilities maintenance, toll roads, or recycling, all well-designed PPPs should involve a significant (or total) degree of financial risk transfer from the government to a private entity. This greatly reduces potential balance sheet liabilities for taxpayers, who in the past have been stuck with tremendous bailout costs when public projects owned or operated solely by the government fail to perform as advertised. A non-governmental recycling entity, not a municipal agency, should be specifically named in any DRS legislation as the financially responsible party.
- 4) **Proper Compensation for Participants.** Retailers will be providing in-store or front-of-store space for the recycled material collection and processing points. The non-governmental entity operating the program can provide impartially determined compensation to the retail entity, based on fair market value of the space for sales displays or other retail uses. Governments could also provide property tax abatements, again determined impartially using the local prevailing assessment method, to ensure that participants' costs are adequately offset.
- 5) **Financial Guardrails.** A redesigned DRS program should not be misused as a way to subsidize other environmental programs or goals – or worse, totally unrelated – government services. NTU has witnessed numerous cases where taxes or user charges – ranging from [Superfund excises](#) to [Passenger Security Fees](#) on airline tickets – wind up being siphoned into spending schemes that have nothing to do with their original purpose. A PPP, being differently structured from a purely governmental program, should be better insulated from these problems, but well-drafted DRS legislation can provide extra insurance. Windfalls from unredeemed deposits should go toward recycling program administration, then fee reductions for operators and finally, additional offsets to other

taxes or costs associated with waste management above and beyond the reduced demand and costs for local curbside programs (see above).

- 6) **Consistent Oversight.** While the new DRS model does call for consistent performance evaluations and governmental oversight, I know from experience it is all too easy for a program to fly on autopilot and for mandated progress reports to gather dust on a shelf. State lawmakers and executive branch officials must fulfill their end of the PPP, by utilizing performance and oversight data to make informed decisions on the future direction of the program.

Fiscal conservatives may be skeptical of the value of curbside recycling, but should withhold such a judgment for reformed DRS programs. The reality is that public officials everywhere are proposing tax hikes, spending subsidies, and regulatory mandates, all in the name of radical environmental policies. These include, but are not limited to, increases in corporate and small business tax rates, complex [tariffs](#), complex and [unadministrable electric vehicle credits](#), more green energy loan programs (remember Solyndra?), and draconian emission targets on electricity generation. Market-based, pro-taxpayer alternatives are needed now more than ever, and if well-designed, DRS programs can fit the bill.

ConservAmerica, which approaches environmental and energy policy from just such a market-based perspective, had [this to say](#), from Senior Advisor Robert Dillon:

Plainly speaking, the economics of many municipal recycling programs don't pencil out. Recycling can increase the cost of trash collection for cities that must commit personnel and equipment to separate recyclables from non-recyclable materials and must often pay companies to cart off materials that cannot be recycled profitably. ... The solution to these and other challenges facing the recycling industry shouldn't require an extensive government program to force people to change their habits, though. ...It's an elegant solution to a long-standing problem.

The R Street Institute, a market-oriented think tank, agrees. [An analysis](#) from the Institute's Senior Fellow, Philip Rossetti, noted:

There are potentially good reasons for why policymakers may want to improve recycling rates, be it in pursuit of environmental reasons or to reduce materials reliance on foreign sources. For beverage containers, there is strong evidence to support several claims:

1. DRSs are more effective at inducing recycling behavior than curbside programs, affirming economic theory that financial incentives are a better motivator for recycling behavior than mandates.

2. The value of the deposit matters; states with higher values for redeeming beverage containers have higher recycling rates, indicating that should it be necessary to ensure higher recycling rates for specific materials or containers, a larger deposit will increase recycling rates...

If policymakers do adopt recycling focused policies, they would be better served by pursuing market-based mechanisms over increased regulation.

NTU agrees, and policymakers in both parties should devote considerable, careful deliberation to designing just the right kind of DRS program that will benefit their states and localities. The principles above, combined with the research and expert evaluations cited here, provide a good start to what should be an ongoing conversation.

Recycling can and should be all about reducing waste — both the material kind and the monetary kind. NTU looks forward to engaging on this issue in the future.



*February 20, 2024*

The Honorable Rick Hansen  
Chair  
House Environment and Natural Resources Finance and Policy Committee  
10 State Office Bldg.  
St. Paul, MN 55155

**Testimony re HF 3200 (amended)**

Dear Hansen and Members of the Committee:

My name is Scott DeFife, and I am President of the Glass Packaging Institute (GPI). GPI is the trade association representing North American glass container manufacturing companies, glass recycling processors, raw material providers and other supply chain partners within the industry. GPI and its members work closely with local and state governments throughout the country on issues surrounding sustainability, recycling, packaging manufacturing and energy use.

I am pleased to provide the committee with information regarding glass recycling relevant to HF 3200, as amended in the substitute posted by the committee for this hearing. We support the intent of the bill to establish a Beverage Container Recycling Refund program and can fully support the bill with the addition of a couple clarifying amendments. In addition, we believe the creation of such a program complements HF 3577, the Packaging Waste and Cost Reduction Act.

I would like to start by emphasizing our support for increased recovery of glass in the State and region. Recycled glass is a key component of making new containers and creates significant positive environmental benefits in the region. The industry supports all efforts to increase glass recovery and return that material to the glass manufacturing supply chain and is engaged in ongoing efforts to increase the use recycled glass in making new containers.

**Glass Container Recycling Background**

Glass is a core circular packaging material which is reusable, refillable, and endlessly recyclable. Public sentiment strongly rates glass as one of the most supported materials in the recycling stream. The glass container manufacturing industry has a significant stake in the effectiveness of glass recycling programs. Recycled glass is a key component of the manufacturing process. Generally, for every additional 10% of recycled glass included in the manufacturing process, energy costs can be reduced 2-3 percent, with additional corresponding reductions in greenhouse gas emissions. Recycled glass substitutes directly for raw materials in the furnace batch at a better than one-to-one ration, adding to the sustainability of glass beverage containers.

Quality and contamination are key differentiators to the value and potential end-markets for recycled glass. We estimate that nearly 60 percent of the glass cullet that makes it back to a container plant for reuse nationally originates from the ten bottle deposit states. This is the highest volume stream of clean, source-separated glass. I have included some graphics at the end of this testimony that will illustrate the issues important to quality.

Glass collected through deposit returns has the highest likelihood of becoming a new bottle again, as compared to curbside commingled glass, which even if collected at relatively high rates, has far less yield, and may return only 40-50 percent of the glass material at a quality rate that can be used again in a glass furnace.

This separation drastically reduces contamination, increases the value, and provides the best opportunity to return the glass to a manufactured product. Data shows that material in a deposit program has 3 or 4 times the recycling rate of the same material in single-stream recycling. This in turn saves taxpayers (or ratepayers) money through diversion of material from landfill and associated landfill tip fees.

Minnesota is a leader in environmental sustainability, and the state's waste management and recycling laws are among the strongest in the country of the non-bottle bill states. We have one glass container manufacturing facility in the state, Anchor Glass in Shakopee, and a glass recycling processing facility nearby in St. Paul. This means that glass has a circular economy in the state, and every ton of available glass that can be sent to glass processing has a chance to contribute to higher recycled content in the bottles made not only in Minnesota, but nearby in Wisconsin and Illinois plants as well.

We estimate that the state has over 200,000 tons of glass beverage containers in the economy each year and the approximately half of that is being recovered. The good news is that a majority of the glass recovered in the state is recycled, but more would be recovered in a deposit return, especially paired with EPR, for both beverage and food glass. We estimate that we could increase glass recovery in the state to over 80 percent of the residential and commercial (hospitality) streams with a combination of EPR and DRS.

In addition, in order to support growth of reuse and refill, which we know to be a priority of many policy makers in the state – it really requires a deposit return system to incentivize and create a recovery infrastructure to bring those bottles back intact so they can be cleaned, sanitized and refilled. This would be difficult to accomplish with EPR alone.

## **Concerns**

We have three areas of concern with the amended version of HF3200 that we would like to work on with the committee going forward.

- **Subsection 8** – payments to Material Recovery Facilities of refund value for covered material left in the waste stream. We generally oppose this concept due to quality matters and the fact that the bottles are not recognizable or verifiable as covered product. We understand that the aluminum industry seeks to help bridge differences with MRFs and counties on revenue that may be lost due to moving

material out of the curbside stream, but quality issues related to ISRI specs are not sufficient to give good quality material to the glass industry.

- The provisions in the 2<sup>nd</sup> 10 years – with a high bar for quality – are acceptable for glass and should be applied in the first 10 years if such a payment scheme were to remain in the recycling refund program.
- If the DRS is enacted as a part of the EPR program envisioned by HF 3577, then this payment provision is unnecessary, as the counties would be made whole financially regardless of whether the material moves through county curbside flows.
- **Section 4** – details regarding fees payments by material type and the ownership of materials by the distributor organization. We have some lingering concerns about specifying the prescriptive fee policy used to cover costs and process material recovered by this program in statute. The organization should have some greater flexibility to determine member costs and operating costs.
- We are concerned that this provision may cause distributors to influence the packaging material choices that the brands selling into the state may make.
- Transparency and Advisory Committee – in combination with the concerns above, we think it is necessary to ensure that each material type had representation on the operations advisory committee. Glass should have a seat at that table to ensure transparency of the operations and support for all glass needs, including recycling and potential reuse/refill.

Thank you for your consideration of our testimony highlighting the central role Vermont's bottle bill provides for quality and effective glass recycling.

Sincerely,



Scott DeFife  
President



## Appendix



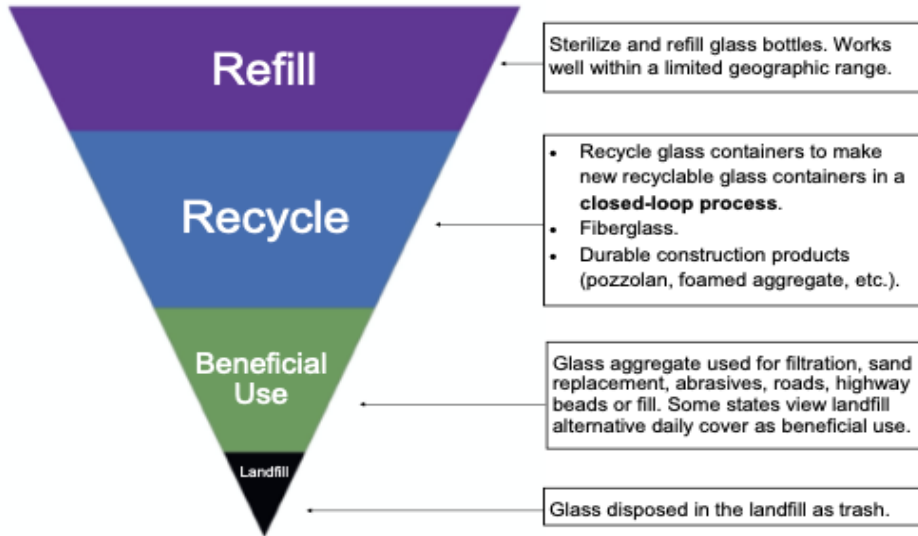
*Picture of typical Commingled Single Stream Recycled “Glass” - as delivered from a Materials Recovery Facility for processing. Intensity of secondary processing (additional sorting and cleaning prior to meeting furnace-ready specifications) depends on contamination levels. This also impacts MRF “market price” due to hauling higher percentages of residual material that then must be landfilled.*



*Picture of Clear Recycled Glass (Flint) – Furnace Ready. – this is end market product with stable positive market price.*

# Glass Recovery Hierarchy

Glass bottles and containers are a valuable and versatile material resource. This hierarchy prioritizes common uses for glass including reuse, recycling and substitution for raw materials.



*As the glass recovery hierarchy graph above shows, disposing of recycled glass in landfills is of no benefit, and should never be prioritized within sound environmental policy.*



**Testimony in Support of HF 3200, to Establish a Recycling Refunds Program  
Minnesota House Committee on Environment and Natural Resources Finance and Policy  
Sarah Nichols, Director of Government Affairs at CLYNK  
February 22, 2024**

Chair Hansen, Vice-Chair Jordan and distinguished members of the House Committee on Environment and Natural Resources Finance and Policy, my name is Sarah Nichols and I am the Director of Government Affairs at CLYNK. We are testifying in support of HF 3200, which would create a Beverage Container Recycling Refunds program in the State of Minnesota.

[CLYNK](#) is a consumer-centered, circularity solutions provider with an active and successful bag-drop redemption operations in Maine and New York where we are headquartered; in Iowa and Oregon where we are licensed; and we are currently expanding into other States as people are discovering the ease and convenience of bag-drop. We have seen firsthand the power and potential of deposit-return systems, and with HF 3200 the State of Minnesota can also realize the many significant benefits of a “bottle bill”, which include but are not limited to:

- **A cleaner landscape:** Beverage containers are one of the most common forms of roadside litter. The establishment of a deposit-return system turns those discarded containers into nickels and dimes, which will significantly increase the number of containers collected for recycling and reduce the number of containers that are landfilled and littered.
- **Increased recycling:** Bottle bills help fulfill the promise of recycling, because they ensure a high volume of clean, source separated, high-quality commodities. As opposed to curbside recycling, where all materials are mixed and then sorted later, the containers collected through the bottle bill systems are more uniform, cleaner, and more likely to be used to create food-grade quality containers made of recycled content. Beverage companies need this material if they are to meet their recycled content goals.
- **Job creation:** Deposit return systems bolster the recycling and manufacturing economy and create far more jobs than landfilling. This bill would enable the addition of redemption locations for customers, including easy to use bag-drop locations, and new processing facilities to manage the materials and get old bottles and cans turned back into new bottles and cans.
- **Reduced costs for towns and taxpayers:** Curbside recycling is expensive for towns, and it can be difficult to get people to participate. With a bottle bill program however, the costs and risks associated with the management of beverage containers are shifted to producers, which is a more equitable and effective way to distribute the costs of managing this existing waste stream. Through paying a refundable deposit at check-out, people are incentivized to redeem their containers through the bottle bill recycling program and have a reason to pick up containers they find on the roadside, which reduces town litter clean-up costs as well.
- **Increased donations to charitable organizations:** We offer a “CLYNK to Give” program that allows customers to donate bags of bottles and cans to their favorite charities with ease, and that has resulted in over \$3.5 million in donations through our company alone. Charitable organizations in existing bottle bill states rely on this additional programmatic benefit, and we hope that the charities in Minnesota can have this new stream of income.

We believe that all successful bottle bills must be written with transparency in cost-sharing and reporting, with verifiable third-party auditing on what is sold and what is collected in aggregate. There should also be an established convenience standard for consumers, so that retrieving their deposit is easy, no matter where they live. In addition to accountability and convenience, we support ambitious and achievable return rate targets so that the goal of the program, achieving high rates of recycling, remains front and center.

Our team has decades of experience with similar programs and policies, and we are happy to offer any insights or assistance to the Committee as you iron out the details of what a successful program looks like for Minnesota. We look forward to working with you and other partners around the State to achieve maximum benefits for businesses, environment, and people through establishing a new beverage container refund program in the beautiful state of Minnesota. Thank you for your time and consideration of these comments, please email me at [snichols@clynk.com](mailto:snichols@clynk.com) with any questions.