



MAINE BEVERAGE ASSOCIATION

**Testimony of Newell Augur
Director, Maine Beverage Association**

Before the Joint Standing Committee on Environment and Natural Resources

Testimony Neither for Nor Against LD 134, An Act to Increase the Handling Fee for Beverage Containers Reimbursed to Dealers and Redemption Centers

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Good morning Senator Brenner, Representative Gramlich and members of the Joint Standing Committee on Environment and Natural Resources, my name is Newell Augur. I am a resident of Yarmouth and a lawyer with Pierce Atwood. I represent the members of the Maine Beverage Association, your local distributors of a variety of refreshing products including diet soda, soda, juices, sports drinks and, increasingly, water. I am here to testify neither for nor against LD 134, An Act to Increase the Handling Fee for Beverage Containers Reimbursed to Dealers and Redemption Centers.

Beverages, beverage containers, consumers, recycling, and technology have all changed dramatically in the last 50 years. Making each distributor individually responsible for its containers – which in turn requires redemption centers to sort containers by brand – made sense in the 1970's. 45 years later, it has become an antiquated method of collection that has led to massive inefficiencies and significant costs, both for redemption centers and distributors.

It is that requirement to sort by brand that, when combined with the expansion of Maine's bottle bill, has led to unusually high costs. The handling fee was raised a full cent — nearly 30% — in 2019. Maine has the highest handling fee in the country. New York's is 3.5 cents; Connecticut's ranges from 2.5 to 3.5 cents; Massachusetts' ranges from 2.25 to 3.25 cents, all states with a much higher cost of living. Maine beverage consumers pay \$45 million in handling fees every year.

The problem is the system we have today has not kept up with the times. As anyone who's been inside of a redemption center knows, most bottles returned for deposit in Maine are individually counted by hand and sorted by brand and size — a tremendous expense. That's exactly the

same as in 1978 when the bottle bill was implemented. Other states have adapted to these changes and followed approaches to keep recycling rates high, control costs and improve convenience for consumers. Beverage distributors in Oregon have built an entirely automated system for collecting containers that is self-funding and has no handling fee. Beverage distributors and producers of other consumer products in Colorado supported — and helped pass — legislation giving them the authority to design an efficient and cost-effective way to collect their packaging for recycling without a deposit.

Our goal is to ensure we get every bottle back. The containers we sell are made to be remade. We want them back so we can recycle them and so they don't end up in our roads, rivers or landfills. We ought to be able to achieve that goal and at the same time be respectful of the costs that Maine consumers must pay.

In 2004, Maine beverage distributors introduced an innovative commingling program to simplify redemption and lower system costs. Despite the successes of commingling, labor and space requirements for non-commingled brands continue to drive up costs. The non-commingled brands generally are not produced in Maine and the manufacturers of these brands do not have employees in Maine distributing these products. Collectively, these brands account for less than 15% of the total number of containers sold under the bottle bill. These brands are responsible, however, for more than 90% of the individual product sorts that occur in a typical redemption center.

In 2019, Maine statute was amended to facilitate the creation of a commingling group for these non-commingled brands. Unfortunately, the lack of engagement from these manufacturers makes the formation of a separate commingling group for the non-commingled brands functionally impossible. Similarly, the DEP has neither the resources nor the wherewithal – absent some other partnership – to develop and manage such an entity.

It is time for a different and more innovative solution to simplify and enhance the redemption process for consumers, and to bring to Maine best practices from other deposit programs. Creating a cooperative of commingling groups operated by Maine distributors would eliminate sorting and collecting containers by brand. A new commingling group authorized in legislation and approved by the Department would usher in a new and significantly streamlined process of sorting beverage containers by material type – glass, plastic or aluminum – and the ability to invest significantly in new technology to eliminate sorting altogether at some redemption centers. It would also reduce the number of trucks employed by distributors to collect containers from the more than 300 redemption centers across our state.

LD 134 increases the handling fee by $\frac{1}{2}$ cent on January 1, 2024. We would propose an alternative – instead of doing exactly the same thing as was done 4 years ago, which only adds more costs to a system that nearly every stakeholder acknowledges needs to be fixed, give Maine distributors the opportunity to establish the Maine Commingling Cooperative by that same deadline, and end manual sorting by brand. This change would significantly reduce labor costs for redemption centers and improve the carbon footprint of the bottle bill.

Thank you for the opportunity to testify. I'd be happy to answer any questions and will be present for the work session.