TOMRA
COLLECTION SOLUTIONS

April 26, 2021

Senator Stacy Brenner, Senate Chair
Rep. Ralph Tucker, House Chair
Joint Standing Committee on Environment and Natural Resources
100 State House Station
Augusta, ME 04333

Regarding LD 1467 *'An Act To Promote a Circular Economy through Increased Postconsumer Recycled Plastic Content in Plastic Beverage Containers'*

Chairwoman Brenner, Chairman Tucker, members of the Environment and Natural Resources Committee:
With respect to the bills before you today, TOMRA supports LD 1467. Less than 2% of plastic produced globally is effectively recycled in a closed loop and this bill would send a strong signal to the market, incentivizing the collection and recycling of plastic in Maine and the region. We support the legislature for taking on this important endeavor. It is a concept being proposed in at least 19 other states and is a key component of the federal Clean Future Act and Break Free from Plastic Pollution Act.[1] California and the European Union have already passed similar recycled content requirements for plastic beverage containers.

Introduction to TOMRA
In Maine, TOMRA provides collection technology in the form of Reverse Vending Machines (RVMs) to retailers and redemption centers to incentivize recycling in the deposit program (also known as the "bottle bill"). We provide can and bottle pick-up and processing services on behalf of beverage distributors including operating a processing facility in Portland, ME (also known as Returnable Services Inc.). We support our beverage retailer and redemption center customers who provide convenient bottle deposit redemption to consumers and support beverage brand owners by picking up cans and bottles at over 260 redemption locations statewide. In addition, we develop the optical sorting technology Material Recycling Facilities (MRFs) use to improve the quality of recyclables that the public collects in Maine and over 80 countries. In Albany NY, we jointly own UltrePET, a regional PET plastic reclaiming facility which produces the FDA approved recycled feedstock used by bottle manufacturers.

Using recycled material reduces virgin plastic use, bringing multiple environmental benefits
Producing a beverage container with recycled content instead of virgin plastic, reduces the energy and water needs and greenhouse gas emissions of that bottle.[2] And the more recycled content in a bottle, the less carbon intensive the bottle becomes.[3] Every year about 632 million plastic beverage containers are sold in Maine.[4] If all of these containers were made with more recycled content it would make a significant contribution to reducing the environmental footprint of Maine's beverage industry.

Recycled content minimums incentivize the "right" kind of recycling
Globally, less than 2% of plastic packaging is effectively recycled, meaning recycled into the same product or one of similar high quality. This means that of the 14% of plastic packaging that is collected for recycling, 12% is either lost in the process or "downcycled" to a product like a fleece jacket or park bench that cannot be recycled again.

[1] National Caucus of Environmental Legislators. NCEL.net. 2021.
[2] "Towards Sustainable Packaging Materials," University of Cambridge Institute for Sustainability Leadership. 2020.
[3] "Testimony to State of Vermont House Committee on Natural Resource, Fish and Wildlife," Susan Collins, Container Recycling Institute. February 2021.
[4] "Beverage Market Data Analysis 2017 - Maine," Container Recycling Institute. 2020.

This is a missed opportunity to reduce more virgin plastic use. Establishing a requirement for manufacturers of plastic beverage containers to utilize recycled material rather than virgin plastic, would help to keep recyclables at their highest and best use where they can be recycled again and again, offsetting energy, water and carbon impacts in the process.

Requiring recycled content would provide recyclers with the certainty they need to invest in the circular economy

The commodity value and demand for post-consumer recycled plastic varies, which from the perspective of a business interested in scaling up plastic recycling, can make long-term investments more risky. A firm requirement from the state for manufacturers to utilize more recycled content would send a ripple effect through the region's recycling industry:

- Manufacturers would make commitments to purchase the material from recycling facilities and since there is limited supply of high quality recycled PET and HDPE (the two most commonly utilized plastics for beverage containers), the commodity value of these recyclables would rise.
- This, in turn, would raise the incentive for processors and Material Recycling Facilities (MRFs) to properly sort these types of plastics, to maintain the material's high quality so they can be used in food-grade beverage containers. Based on TOMRA's technology capabilities and experience with customers, we know this part of the process can be optimized to make bottle-to-bottle recycling possible.
- The incentive would also rise for collection organizations and entrepreneurs to find better ways to *collect* more plastic and retain its material value throughout the collection process.

Taken together, this would spark a circular economy around better managing plastic waste, where Maine uses the power of the market to implement positive environmental and economic outcomes.

Maine's container deposit system only solves part of the circular plastic equation

Maine has one of the highest recycling rates for plastic bottles in the country. The container deposit system alone collects an estimated 84% of deposit cans and bottles, including plastic bottles, where virtually all the material is recycled.[5] However this only addresses the end of life phase of a plastic bottle. The other half of the equation is the production of plastic bottles sold into Maine. While the deposit system enables producers to access a reliable supply of high quality recycled material it does nto require producers to actually utilize the material. Setting a recycled content requirement leverages the entire state of Maine's buying power to make those 632 million plastic bottles using more environmentally-friendly feedstock.

Detailed comments on LD 1467

The bill's design makes content requirements entirely practical for manufacturers to achieve

With respect to the bill itself, there are three components that make the recycled content requirements extremely practical, yet they would still make a significant environmental benefit as discussed above:

- The targets themselves are a stretch but achievable– the targets of 25% recycled content by 2026 and 30% by 2031 are actually lower than the California legislation which set targets at 15% by 2022, 25% by 2025 and 50% by 2030.
- The measurement approach provides significant flexibility for producers – Producers can count beverage containers sold outside of Maine towards aggregate recycled content requirements. Producers can use this

[5] "Maine," Bottlebill.org. 2017. Estimate from the Maine Beverage Association (latest data available).

data as long as it is based on market share or population that is representative of the company's sales in Maine and the company documents the methodology to DEP.

- The penalties support regulatory uniformity – The penalty section of the bill matches the existing California legislation (AB 793), which helps national manufacturers avoid a patchwork of compliance across states.

LD 1467 provides generous flexibility to manufacturers should unforeseen circumstances occur

- Potential to waive penalties – Manufacturers can request penalties to be waived based on the following criteria: "anomalous market conditions; disruption in, or lack of, supply of post-consumer recycled plastic; and the efforts of the manufacturer to acquire post-consumer recycled plastic."
- Allows DEP to reduce targets in the future – If producers make progress on their commitments to use more recycled content or "market conditions" for post-consumer recycled plastic change, the bill provides DEP with the authority to reduce recycled content targets.

Conclusion

All in all, TOMRA sees LD 1467 as a practical step forward to meaningfully address reduction in plastic consumption and greenhouse gas emissions while incentivizing a circular economy here in Maine and the Northeastern states. The bill offers manufacturers with ample flexibility to comply and pathways for the state to finance the program responsibly. With the legislature's support, Maine can become a holistic leader in the effort to recycle more of our natural resources.

Thank you,

Mike Noel,
Governmental Affairs Manager, TOMRA Systems - Americas

TOMRA COLLECTION SOLUTIONS: With an installed base of approximately 83,000 systems in over 60 markets including all 10 U.S. states with deposit laws, TOMRA Reverse Vending is the world's leading provider of reverse vending and clearinghouse solutions. Every year TOMRA facilitates the collection of more than 40 billion empty cans and bottles and provides retailers and other customers with an effective and efficient way of collecting, sorting and processing these containers. TOMRA's material recovery business includes the pick-up, transportation, and processing of used beverage containers in North America, as well as the subsequent brokerage of the processed material to recyclers. The revenue stream in this business area is derived from fees received from bottlers based on the volume of containers processed. Currently, TOMRA Material Recovery processes over 340,000 metric tons of containers annually. TOMRA has over four decades of experience in markets with deposit return laws in place. Throughout the Northeast TOMRA provides many services solely to power container deposit systems or 'the bottle bill'.