

## **New York State Association of Beverage Centers, Inc.**

51 West Garfield Street • Bay Shore, New York 11706



Good Afternoon.

My name is Pete Sobol. I am the legislative liaison of the New York State Association of Beverage Centers (NYSABC), and a former beverage center owner. The New York State Association of Beverage Centers is a statewide trade association representing the interests of the roughly 300 holders of New York State Liquor Authority C licenses, from Montauk to Buffalo. C-licenses are New York State Liquor Authority wholesale beer licenses with off-premises retail privileges. The range of items we can sell is strictly limited by the Alcoholic Beverage Control Law (ABCL) to beer, wine products, soft drinks, water, tobacco products and snack foods. C-Licenses are typically multi-generational family owned business with significant ties to their local communities. We are men and women who are part of the fabric of the neighborhoods we serve. I can't tell you how many boys and girls got their first job, or got their first hit, sank their first basket or scored their first goal on a team sponsored by a beverage center. We support and sell many NY brands. We are also proud to say that we have embraced the spirit of the Returnable Container Act since its inception, and for more than 35 years we have done the heavy lifting on container redemption, often at significant financial loss. Everyone wants to sell beer and soda; few want to take back empties. But Cs are part of the neighborhood, and take back all the empties that small stores, vending machines and gas stations do not. With redemption well over 200% in many of our stores, our members have played and continue to play a significant role in the success of the Returnable Container Act.

We acknowledge that glass containers that are not now part of the deposit system are expensive to handle and have little after-market value. Glass is also the most difficult commodity for us to handle because of its weight and breakability. If part of the solution to the ongoing waste and recycling crisis involves putting a deposit on more glass containers, we will do the work, but we ask that as part of the process you address some of the critical challenges we face in the redemption process.

### **Orphan Containers**

Orphan containers are containers that are redeemed at our stores but cannot be returned to the initiators (so we can recoup the deposit we paid to consumers and our statutory handling fee). These are containers that cannot be returned because, for example, the initiator is outside of the geographical area. Bottles and cans are very portable, so brands with local popularity in the western region ends up being redeemed downstate, where there is no local distributor to take them back. In some cases, the initiator cannot be located or the transport of the empties to the initiator is not economically feasible because of distance or small quantities. This has become much more prevalent with the explosive growth of regional craft beers, private label waters and energy drinks. This is a growing problem. Orphan containers can represent up to 20% of a customer's empty mix. In many cases these empties end up being endlessly being stored in our stores or wind up in in the waste stream.

### **Increased Cost of Handling Redemptions**

In 1982, virtually overnight, the Returnable Container Act turned our stores into container redemption centers, and dramatically increased our costs. The RCA handling fee, 1.5 cents/container from 1982-97, and 2 cents/container from 1997-2009, did not cover our expenses for sorting, storing and returning empties. Even the 2009 handling fee increase to 3.5 cents provided only short-lived relief, as the escalating minimum wage has now eaten up all that benefit. The sorting and separating of empties is a very labor-intensive. We are at the crossroads where many of our members would like to see the handling fee

increased, but this would result in higher prices to the consumer. We would like you to consider a more efficient container collection process.

#### **State Redemption/Collection.**

Third parties contracted by the state and incentivized with compensation from a portion of the unclaimed deposits, would be responsible for all pickups, redemptions and payment of handling fees (as the practice has now evolved in Western New York). This would take an enormous burden off dealers in that it would allow commingling of containers, no longer requiring separation by brand or deposit initiator. Empties would only have to be separated by composition aluminum plastic and for glass, by color. The savings in labor would provide the economic relief we need without raising cost to the customer. Instead of numerous trucks piling up 50 bags at a time, we could fill one trailer at a time with empties. This would produce more environmentally friendly pickups. The retrieval of empties will decrease the carbon footprint by decreasing the number of trucks being employed. At the same time the labor savings would offset increases in our labor cost. It would solve the orphan container problem, because all empty containers would be picked up. If the container is eligible and the 5 deposit has been paid to the customer this container would be eligible to be part of the mix. This would also take a huge burden off deposit initiators.

#### **Equal Access to Technology**

All dealers should have the right to use Reverse Vending Machines (RVMs) and other forms of technology to enhance the collection of empties. All products sold in N.Y. should be required to be part of the RVM system. Today it is up to the initiators to decide who will and who will not be able to use RVMs and other technologies, and what brands can be accepted by RVMs. When all dealers can take advantage of these technologies and all products are authorized to go through the machines, the system becomes much more efficient and user friendly.

#### **Expansion**

We support the expansion of the bottle bill to non-carbs, sports drinks and teas.

#### **Increase in Deposit**

In theory an increase in the deposit could be an incentive to enhance the collection of empties. Though the unintended consequence would be a dramatic increase in transshipping (the movement of lower-deposit containers from neighboring state). This could threaten the financial wellbeing of the system. It would also add to the number of consumers people shopping in New Jersey to avoid paying any deposit and increase the incentive for unscrupulous businesses to purchase non-deposit product in New Jersey (which would also cause a sales tax loss). E.g., a on a 40 pack of Poland Spring 16 oz., water, the deposit would double from \$2 to \$4 a case if deposit was raised to 10 cents a container) The owner of a deli who buys 25 cases of Poland 40-ack water a week would save \$100 a week if he or she purchased the product in New Jersey.

#### **Summary**

The bottle bill is one of the most successful environmental programs in the history of our state. As time goes forward, we must increase the number of products covered by this program. We must also make the bill more user friendly by incorporating systems that address challenges we face. We must make technology available to all who want to take advantage of its benefits. When these changes are incorporated the capture rate will increase, customers will be better served, small businesses would get a fair shake, and the environment will be further protected through increased redemption.

Thank you for allowing us to participate in this hearing.