



FOOD INDUSTRY ALLIANCE OF NEW YORK, INC.

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Joint Legislative Hearing Testimony – Environmental Conservation

January 23, 2019

Chairwoman Krueger, Chairwoman Weinstein and members of the legislature, thank you for allowing us to testify today on these critical legislative proposals.

My name is Mike Durant, President and CEO of the Food Industry Alliance of NYS, Inc. We represent the full spectrum of New York's grocery industry. We are here today to express our concerns on two specific proposals within Governor Cuomo's proposed budget, the plastic bag ban and bottle bill expansion.

Plastic Bag Ban:

While we share the laudable goal of improving environmental health by reducing plastic bag use, we are concerned that significant unintended consequences on the grocery industry and the environment would outweigh any benefit. Our members and the grocery industry generally are leaders in efforts to improve environmental health. Since the enactment of the New York State Plastic Bag Reduction, Reuse, and Recycling Act in 2009, our members have collected plastic bags for recycling and encouraged the use of reusable bags by consumers.

Further, it is the policy of our members to encourage consumers to make sustainable choices promoting environmental stewardship. As an example, our members have implemented a range of successful practices designed to shift consumers from the utilization of paper and plastic bags. From reusable bag giveaways and rebate programs to community investment and educational outreach, the retail food industry is largely a leader in promoting best practices and promoting environmentally sustainable solutions.

Unfortunately, it is our position that this proposal is not a sustainable solution.

The result of this legislation will be the immediate shift to paper bag use by consumers. A result, it should be noted, that was also found in the New York State Plastic Bag Task Force report which was issued last January.

From an environmental perspective, paper bags consume more water in production and are bulkier to ship than plastic bags. Notably, with paper bags, it takes seven tractor trailers to transport the plastic bag equivalent. Due to this increased energy, the carbon footprint is significantly larger with paper bags than plastic. If paper bags decompose, they biodegrade into methane. According to a July 2013 briefing note from the British Columbia Environment Ministry staff, methane emissions are a particular concern since they have a global warming impact 21 times higher than carbon dioxide.

For the grocery industry, paper bags cost approximately 6 times more than plastic bags on average. This dramatic increase in expenses would be untenable for grocery stores both large and small.

For example, plastic bags cost approximately 1.8 cents per unit versus 11 cents per paper bag. In discussing with one independent grocery store in New York City, their costs per year would go from \$40,248 to more than \$245,000 if this proposal went into effect. It should also be noted that this store has an annual profit margin of two percent and is dealing with considerable increases in labor costs, health insurance costs, workers' compensation costs, etc.

It should also be considered that the retail food industry is hyper competitive and rapidly evolving. Internet and specialty grocers are increasingly taking market share from traditional food retailers and squeezing their operating margins. Further, these increased expenses will undermine current industry efforts to invest in underserved areas.

While we appreciate the environmental concerns that have been addressed today, there is a significant financial and economic impact of this proposal on the retail food industry. I point these facts out as it is important for the Governor and lawmakers to not look at the issue of a plastic bag ban in a vacuum and consider the impact across the full spectrum.

Experience has shown that improved environmental health is best achieved not by simply banning plastic bags, but by encouraging consumer behavior changes. The implementation of a modest fee on plastic and paper bags has proven to be the most successful strategy, particularly when paired with the marketing of reusable bags.

If the state is true in their intent to act on the issue of plastic bags, it must consider recent examples that highlight the need for a solution that maximizes the use of reusable bags which is the best method to benefit the environment while not threatening the retail food industry.

A little over a year ago, Suffolk County implemented their local carrier bag law. It does not ban the distribution of single use plastic bags. Rather, it mandates a fee of at least five cents per plastic and paper bag. This minimum charge is high enough to incentivize customers to use reusable bags at a rate that offsets the environmental deficit created when reusable bags are manufactured.

This law was implemented with the cooperation of environmental groups, organized labor and our industry. The effort has already slashed the use of disposable paper and plastic bags. Preliminary data has shown that plastic and paper bag distribution has declined over eighty percent in the first quarter after the law went into effect and reusable bag sales have increased significantly. One FIA member has reported that it has sold 93,000 reusable bags on a discounted basis in January 2018 alone.

The city of Chicago had previously put into law (2015) a plastic bag ban, but found the desired environmental results were not being achieved. The city scrapped the bag ban law after sixteen months and put in place a seven-cent fee on paper and plastic single use bags. Within a few months of the change in law, the city reported a decrease in the use of disposable bags by forty-two percent.

Washington D.C. is another worthy example. The city implemented a fee on single use plastic and paper bags and has seen their use decrease more than fifty percent and the use of reusable bags increase more than forty percent.

All examples of changing consumer behavior to the betterment of the environment and working to ensure the financial impact on the retail grocery industry is mitigated. And all better alternatives to an outright ban on plastic bags.

Bottle Bill Expansion:

Similar to our position regarding the plastic bag ban proposal, the retail food industry certainly appreciates the intent to increase recycling of bottles. That said, there are significant concerns with expanding New York's existing bottle bill for retailers.

First is simple space. Many food retailers do not have the space to handle increased volume. In fact, there are stores that barely have the space to handle what they are currently required to process. This will overwhelm already stressed supermarket storage areas. Consider that many retail food stores already are forced to redeem large volumes of containers from individuals who are not customers.

Second is cost. I spoke of finite profit margins in this industry earlier, and this again, impacts that. From the potential need to purchase additional reverse vending machines to expanding or creating new space. That is a cost. There is also increases in labor, sanitation and recordkeeping. All are costs on an industry that does not have financial flexibility.

There are countless examples of the retail food industry as business leader in promoting healthy living, a cleaner environment and community investor. This industry is essential in every community across the state. Yet the fact remains that they are in a financially volatile situation with the annual increases in every aspect of running their stores. Imposing new costs or mandates will further threaten the industries ability to invest, expand and serve their communities.

The Food Industry Alliance of NYS appreciates the opportunity to discuss these critical proposals and will work with lawmakers and the administration to find meaning, sustainable solutions which benefit the environment and our industry.

Thank you.

