

RE: Public Hearing HF 814 – April 20, 2021

House Ways and Means Committee members –

It's complicated. And it's hard. The League of Women Voters of Iowa appreciates everyone's efforts throughout this Legislative session for your work on the bottle bill. The bottle bill (Iowa's Container Deposit Law) has served the state well for over 40 years. Everyone agrees it's time for an update and here's where it's hard: major sectors are pushing for their own individual remedies.

My name is Linda Schreiber, representing LWVIA. Although I can't be with you in person for this hearing, I'd like to suggest Lawmakers consider an out-of-the-box opportunity to refocus the discussion and reset the conversation.

Move the deposit fee and handling fee system to a state-regulated agency - out of the distributors and retailers' control so the state can follow the money. A state department could create a transparent accounting system to better track beverage sales, manage deposit fees and refund retailers and redemption centers for the deposits they payout to consumers and a chargeback system for distributors to reimburse handling fees for beverages sold. And equally important: enforce and regulate fines to those that aren't following the law.*

Because this new transparent deposit system would be under state control, the state could offer grants from the unclaimed deposits to: a) retail for technology updates (like reverse vending) and b) environmental groups for eco-friendly projects and environmental improvements.

To launch this new accounting system, Iowa could use rainy-day funds and replenish it with funds collected from the distributors' unclaimed deposit funds. This out-of-the-box thinking could reset the discussion for the state's bottle bill and create a fair, equitable program for everyone – distributors, retail and customers.

The *League supports a clean bottle bill that puts Iowa consumers first*. The existing bottle bill is net-neutral for taxpayers. A modernized bill should also be net-neutral and should motivate customers to redeem containers by offering convenience.

Three simple steps can create a fair bottle bill update for all:

1. Move the administration of the container deposit law to a state-regulated department suited to follow the money and create procedures for a transparent accounting system to track sales, manage deposit fees; refund retailers and redemption centers for the deposits they payout to consumers, and develop a chargeback system for distributors to reimburse them for deposit fees for beverages sold; and enforce and collect fines. This state agency could then establish a fund from unclaimed deposits for granting purposes to:
 - Retail operators to assist the purchase of modern technology for redemption
 - Environmental groups to assist with eco-friendly projects and environmental improvements
2. Increase deposit fees to 10 cents and the handling fee to 3 cents and tie increases to the cost of living to initiate an automatic fee adjustment at appropriate points to provide a timely revenue-generating mechanism.
3. Expand allowable containers redeemed to include water, tea, sports drinks, and juice that use the same materials as currently redeemable containers.

Recycling, while good, is not a complete solution – too many rural communities do not have recycling programs. The cost of adding more municipal recycling programs is ultimately passed on to taxpayers.

Manufacturers felt the pinch when redemption was halted (March – July 2020) due to the expanding coronavirus pandemic – even though the Center for Disease Control and Prevention (CDC) reported recyclable containers at redemption points do not impact the virus spread.

Allowing retailers to opt-out of redemption without providing convenient redemption alternate locations (no farther than their retail outlet for purchasing beverages) places unreasonable burdens on consumers requiring them to drive to redeem – as a result, consumers may choose to dispose the containers instead of redeeming. Redemption is critical to conserving energy and natural resources and maintaining an adequate supply chain for manufacturers. The current law requires all sellers to redeem.

Iowans want an updated bottle bill that is fair. **Raising the deposit fee to 10 cents actually increases redemption rates which helps keep containers in the supply chain.** Encouraging redemption over litter control provides retailers and redemption centers opportunities to operate fiscally-sound operations while keeping containers in the supply chain and allowing containers to be used at the highest levels.

Increasing the handling fee to 3 cents for retail and redemption centers will allow them to invest in reverse vending equipment to provide a clean, convenient facility redemption experience for their customers. The machines are the first step to proper recycling of plastic, aluminum and glass to meet a container’s full life cycle and highest use. Too often recyclable containers thrown in recycling bins are contaminated by nonrelated materials, which means the containers have a single-use – one that is used only one time only and is unable to maximize its life expectancy of multiple uses. Plastic, the biggest offender, isn’t just a litter issue – that’s because *if it’s contaminated it must be landfilled where it takes decades to break down and leaches into Iowa’s waterways* and eventually the ocean and all along the way negatively impacts wildlife and our environment.

Redemption supports the economy, encourages the development of new industries to develop new ways to repurpose container materials, which helps preserve natural resources, and creates jobs. The more ways that containers can be reused or repurposed the better.

These three simple steps maintain costs within the industries affected and won’t raise or pass costs to taxpayers or consumers and that keeps a net-neutral bottle bill for Iowans.

Thank you –

Linda Schreiber
LWVIA Advocacy

P.S. * The Michigan Bottle Deposit Law escheat (unclaimed deposits that revert to the state) is collected by the state treasury. Michigan has a 91 percent redemption rate, provides a 10 cent deposit fee for redemption, does not allow retailers to opt out of redemption, enacts heavy fines for failure to comply, and does not pay a handling fee. Michigan law prevents containers from being disposed in a landfill; the Department of Treasury monitors the bottle bill law – this approach is fiscally responsible, accountable and traceable. Other desirable features of Michigan’s container law:

- Most beverage containers are covered, though dairy is not.
- Retail stores must redeem containers for beverages they sell.
- Penalties increase with repeat violations.
- (10 states have container deposit laws) Unclaimed deposits are:
 - retained by the program or state in 7 states and Guam;
 - divided and distributed to environmental groups and retail in 2 states;
 - retained by distributors in 2 states;
 - Michigan requires entities to apply for reimbursements.