

**TESTIMONY OF MEGA BEVERAGE REDEMPTION CENTER INC
BEFORE THE JOINT HEARING OF THE SENATE AND ASSEMBLY ENVIRONMENTAL COMMITTEES
REGARDING THE PRESENT AND FUTURE STATE OF RECYCLING IN THE STATE OF NEW YORK
OCTOBER 21ST 2019
NEW YORK CITY, NEW YORK**

Good Morning Chairman Kaminsky, Chairman Englebright and members of the environmental conservation committees. My name is Conrad Cutler, and I am the founder and president of Mega Beverage Redemption Center, located in Mount Vernon, NY.

I was born in 1990, and grew up in a fast pace technologically evolving world. Automation was something that I did not know how to live without. When I graduated from Syracuse University in 2012 I had exposure to the inefficiencies within the beverage industry with a specific focus on reverse logistics and recycling. I had the opportunity to do something many in this room have never done; go back in time. I was able to go back 30 years in time to 1982 (*which was before I was born,*) and continue to do so everyday when I go to work. Welcome to the bottle redemption industry.

There are three things that all redemption centers statewide have PLASTIC BAGS, CARDBOARD BOXES, some tables and as many hands as they are able to find to perform the monotonous tasks that the redemption center is required to perform. To summarize; redemption centers perform three tasks:

- Buy deposit bearing bottles from “redeemers.”
- Confirm that the bottles have a NY state deposit and Sort bottles based on commodity, size, distributor etc. into plastic bags that are required to have a specific amount of bottle per bag.
- Ship whole bottles once separated back to the distributor or designated agent

ALL OF THIS IS DONE USING MANUAL LABOR, which costs the redemption center upwards of \$20/ hour.

According to the New York State Dept. of Environmental Conservation the statewide redemption rate in 2017 was only 65%. When I was in school, I am pretty sure 65% was an F, which means that the New York State bottle bill is currently *failing*. Unfortunately, the statewide redemption rate continues to decrease

WHY IS THE BOTTLE BILL FAILING?

- The bottle bill needs to be modernized, the industry can no longer afford to utilize manual labor to sort and process bottles. Labor costs continue to increase while redemption centers have no mechanism to increase their compensation per bottle under the current law. Technology exists and is utilized in other bottle bill states and countries such as Oregon, Maine and parts of Canada that automates the identification and sorting of deposit bottles and it is proven to be much more accurate than manual labor. Redemption centers in New York have attempted to obtain authorization from deposit initiators to utilize such technology however many major deposit initiators have a blanket policy that they refuse to participate let alone entertain any type of automation in a redemption center. Imagine a beverage bottler having to manually fill every single bottle and can to a precise amount of liquid.

According to Recycle across America, Beverage and Plastic industry funded nonprofits have done an excellent job of “keeping recycling dysfunctional.”

A deeper look at this issue will reveal that the state of New York has turned a blind eye toward a select few deposit initiators that have practices in place that are designed to weaken redemption centers in an effort to curtail their redemption return rate. Infact, it is an open secret in the industry that in some cases, deposit initiator’s have personnel whose compensation is directly correlated to how low of a redemption rate they are able to maintain. *Shouldn’t it be the other way around?* There should be equal access to all the technology available to enable redemption centers to operate more efficiently which will drastically increase the statewide redemption rate. Presently, technology is only available to retailers who sell the distributors beverage.

- Consumer consumption habits are changing. Soda consumption continues to decrease, and alternative beverages are growing popularity. The Container Recycling Institute estimates that under the current deposit system 25% of beverages readily available to consumers are not eligible for bottle deposit. Most alternative beverages such as Sports Drinks, ice tea, lemonade, juice and bottled coffee are not eligible for a NY Bottle deposit.

As a reminder, under the current bottle bill only Carbonated soft drinks, water and beer are eligible for a NY deposit. I encourage everyone here to look inside the trashcan on the street when they walk outside the building. I assure you that a large majority of the bottles in that trash bin are non-deposit bottles which are destined for a landfill. New York city households produce an average of 26lbs of PET waste annually. Currently 15lbs of PET waste per family is ending up in garbage cans rather than the recycling container. An expanded bottle bill would mean more tons of material would be captured for recycling rather than contributing to landfills and marine litter.

- The bottle bill must be expanded to include all beverages including wine and liquor. There is plenty of capacity within the existing redemption infrastructure to support the additional volume that will be recognized by expanding the deposit bill. Expanding the bottle bill will not only benefit struggling redemption centers, it is also the lifeline to many public and private recycling sectors, which are financially suffering due to the Chinese National Sword policy. According to Sims Municipal Recycling, who has a long-term contract with the NYC Department of Sanitation to process and market the cities recyclables, "Glass has a negative value of -\$35 to -\$55 per ton." Glass oftentimes contaminates the recycling stream and unfortunately is not recycled to its fullest potential because of it. The Bottle bill is the only recycling program where 100% of the input into the system gets 100% recycled. Therefore, an expanded bottle bill will divert much of the glass away from the curbside system and will result in tremendous savings for municipalities. The PET and Aluminum that are recycled via the bottle bill are also of superior quality and value compared to curbside recycling. Much of the plastic that is currently littering New York's beaches, rivers and roadways will be reduced because of the financial incentive that will be in place for someone to not litter.
- Redemption centers and retailers are paid a 3.5 cent handling fee per bottle. The 3.5 cent fee was established in 2009 when the bottle bill was partially expanded to include water. It is now a decade later and redemption centers and retailers have been forced to absorb a 100% increase in costs with no ability to charge the deposit initiators more than 3.5 cents per bottle. To adjust for the increase in labor costs by way of the

state mandated minimum wage of \$15/ hour, compared to \$7.25 per hour when the rate was set in 2009, the handling fee must be increased to no less than 5 cents per bottle.

- The benefits of expanding the bottle bill will be recognized across many industries and it will benefit the economy at large, According to Eunomia; the current deposit return system directly creates 6,000 full time jobs statewide. Additionally, there are an estimated 8,000 canners in New York City alone that solely rely on “canning” to earn an honest living. Based on the 6,000 full time jobs that are created, the gross value added to the New York State economy is approximately \$272 million. By expanding the bottle deposit to all beverages, it is estimated that the gross value added to the New York State economy will exceed \$374 million.