

the
RETAILERSedge
Minnesota Retailers Association

November 4, 2013

Wayne Gjerde
Recycling Market Development Coordinator
Minnesota Pollution Control Agency
520 Lafayette Road North
St. Paul, MN 55155

Dear Mr. Gjerde:

Thank you for seeking public comment on the draft recycling deposit program released by the Minnesota Pollution Control Agency (MPCA) September 16. I am writing today to express Minnesota Retailers Association's opposition to the proposed recycling refund program for beverage containers (hereafter referred to as "program").

788,000 jobs across the state depend on the economic viability of retailers, with Minnesota Retailers Association (MnRA) members working each day to enhance our economy through the maintenance and growth of these jobs. It is our position that the proposed program stands to stifle our economy by adding costs to retailers, increasing consumer prices, and dismissing the exploration of alternatives.

Added Costs, Competitive Issues For Retailers

A retailer administering the program as outlined will incur many expenses, including staff training, point-of-sale changes, accounting system creation for deposit tracking, deposit remittance, and potentially deposit refund administration.

On top of those expenses, retailers in Minnesota – in contrast to retailers in 26 other states – already collect and remit sales taxes for free. This program creates yet another unreimbursed responsibility for a retailer. In addition, and just like with sales taxes, retailers end up paying swipe fees on customer credit/debit card payments that include container deposits, creating even more unreimbursed expense.

The impact of program costs at the retail level will be felt across the state, but even more so in border communities. Border community retailers will lose sales to retailers in other states when the deposit is added to the upfront costs of products. Given the strong competition our border communities already face today, retailers cannot afford another competitive price disadvantage.

In today's business model, retailers will not be able to absorb program expenses. All these costs add up and ultimately equate to higher consumer prices, reduced employment hours, lower wages, and lost jobs for Minnesota.

Increased Consumer Prices, Inconvenience

Now is simply not the time to make it more difficult for consumers to spend and invest in Minnesota. Consumer confidence decreased sharply in October according to The Conference Board index. Economic uncertainty, unemployment, government action and inaction, and prices all contribute to today's challenging Minnesota consumer environment according to a recent MnRA survey of retailers around the state.

A recycling refund program will impact consumer spending as the price of some common consumer purchases double, such as a 24-pack of bottled water. Even before a retailer is forced to raise prices to offset program costs, consumers will be left with less money in their pockets. With our economic recovery fundamentally dependent on consumer spending, we are certain to see a harmful impact to Minnesota.

In addition to this potential negative impact on consumer spending, the program is inconvenient when it comes to recycling. Consumer curbside convenience for beverage containers will end. This inconvenience may take us backward relative to residential and commercial recycling rates.

Alternatives Warrant Exploration

MnRA recognizes the importance of improving our recycling systems and alternatives to the proposed program warrant exploration. Minnesota has relied on voluntary programs and curbside collection to increase our rates to second in the country based on ton recycled per capita. Our retailers lead in voluntary recycling, many with models looked to as best practices across the country. Minnesota is a leader based on the success of our current consumer recycling systems and voluntary recycling programs initiated through retailers. As such Minnesota deserves a constructive review of alternatives that do not involve the massive infrastructure required under the proposed program.

As an association representing more than 1,500 retail storefronts statewide, we oppose Minnesota implementing the recycling refund program. My organization looks forward to continued dialog with MPCA on this issue, and thank you again for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Nustad". The signature is fluid and cursive, with a large initial "B" and "N".

Bruce Nustad
president