

Thank you for the opportunity to comment on the Minnesota Draft Program Design for a Recycling Refund Program. Eureka Recycling supports a bottle bill in Minnesota if it is an effective tool to significantly increase the recovery of bottles throughout the state and incentivizes reduction of single use containers and increase use of refillables – truly moving us toward a zero waste Minnesota. Minnesota's bottle bill can move beyond just recovery rates and become a national model for local, green economic development. We offer the following recommendations to help make this happen.

The research we have read clearly demonstrates that refunds can be very effective in increasing the amount of containers that are captured for recycling but to date we have not seen any information regarding refunds that help to reduce the use of, often non-renewable, resources for packaging of single use beverage containers. Likewise we have seen no commitment to dedicate the unused funds towards reward and incentives to producers who use refillable containers for their products or any mechanism to ensure a healthy, green local economic benefit.

These three aims; reducing single-use packaging, rewarding refillables and focusing on improving our local, green economy result in cost-effectiveness and environmental benefit, and are the missing pieces in the refund programs we have seen and can be resolved in this draft program design.

Here are our comments on the program design:

Recycling Refund/Deposit Amount

We support the stated goal of 80% but this should be for each packaging material type not an aggregate that allows hard to recycle containers to ride on the backs of more recyclable materials. We support the 10 cent deposit as it has proven effective in meeting and exceeding that recovery in Michigan. We also recommend that the plan is required to have recovery goals for each packaging type and that if those goals are not met the deposit for that packaging type increases on a biennial basis.

Specified Exclusions

We support including milk and dairy products. This language seems unclear; we assume that a “redeemable beverage container” is any container of a beverage not listed in the exclusions?

Beverage Container Recycling Organization

Ideally the Beverage Container Recycling Organization should not include any members with a financial interest in the program. As the ideal rarely happens in these decisions, if the BCRO includes those with a financial interest it should include an equal number or greater of those who do not have a financial interest including especially those with an environmental interest. It should also include the local and not the national representation of stakeholders as they often have vastly different positions with the local having interests in Minnesota's economy. It should also include representatives of the current recycling collection and processing infrastructure who have a clear financial interest as well as local government.

The BCRO should be required to provide a public comment period in the development of the Plan and show how they have incorporated or why they have dismissed those concerns. The BCRO members with no financial stake in the issue should rotate every four years and others if allowed, should rotate every two years.

Redeemed Deposits

For over 30 years, local Minnesota businesses and governments have invested significantly in our current recycling system. While deposit legislation will clearly get us to the next level, the impact of increased recovery and new collection systems will radically change the landscape and economics of our current work. The following will help keep current constituents whole:

The redemption value and handling fee should be paid to recyclers for qualified redeemable bottles collected under their system. This will help offset the loss in revenue from material lost to the redemption program – approximately \$20 million a year. Without this, this loss will be passed on to the local governments and/or negatively impact local infrastructure especially local green businesses that cannot absorb these losses over a nation infrastructure.

Distribution/Convenience of Redemption Centers

The minimums outlined will not provide for the returning of a bottle to be as convenient as the purchasing of it so we recommend re-addressing these requirements.

Selection and Approval of Redemption Centers

How are centers “approved and selected” in a fair and comprehensive way, especially if the governing members of the BCRO have a financial concern in the operations? The State should set the standard and it should be a part of the plan. The BCRO administers to that standard which includes requirements, reporting, etc. It is imperative to allow for realistic handling fees. The average handling fee across all bottle bill programs is \$.02-\$.035/bottle. \$.01 is the lowest. \$.01/bottle will only cover the costs of high volume grocers. A higher handling fee will support small, independent stores and create more opportunity for local economic development around collection (i.e. less out sourcing). Bottlers and distributors pay a higher handling fee into the system.

Ownership of Redeemed Containers

Currently, collectors are the owners as outlined above and processors are the owners once the collectors have delivered the material. Assuming processors would be redemption centers - then they are the owners of the containers. If this ownership system changes, there would be significant financial impacts to those local businesses, collectors and processors, local government and to the resident. It is likely that these programs will already suffer a decline in containers at the curb, currently these financial impacts are not being addressed in this program design.

Utilization of Unredeemed Deposits (UD)

We whole-heartedly agree that UD should not go into the general fund – already significant funding that was created to address the problems associated with waste have been diverted to the general fund. We also strongly believe that none of the UD should be used for the BCRO management costs. The UD should be used first and foremost to decrease the number of single use containers, to increase the use of refillable containers, to ensure that the containers are actually recycled and to educate and promote recycling of containers. The UD should not be used for market development of beverage containers that are comprised of hard to recycle materials as this is a subsidy for hard to recycle materials and the onus should be placed on the producer to improve their packaging performance by shifting to better performing materials or better yet – refillables. UD funds could be used to help local businesses shift to refillables.

The statewide impact is estimated at \$17-18 million of the total revenue in UD funds is an estimated \$85 million a year. These funds should be used to control how materials are processed and where they are sent to ensure that they are actually recycled. Create minimum definition for what is an acceptable recycling end market. Require reporting and independent verification of the ultimate use for materials redeemed (i.e. end markets and what the material was made into). British Columbia may be a place to look at effective reporting requirements regarding where the material goes.

The UD funds should be used to create incentives to send material to end markets that provide highest and best environmental and local use. A hierarchy of environmental benefits (i.e. reuse, bottle to bottle, then secondary uses) should be created and rewards/incentives should be provided to higher and better uses. (Refillables would be foremost.) Local or regional markets should be favored. The increased material collected can provide valuable feedstock to Minnesota companies using recycled feedstock, growing green jobs and the local economy. One way to accomplish this would be a revolving loan fund for recycling market development to locally owned and operated businesses – not to support market development for unrecyclable materials that should require packaging design changes.

Components of the Beverage Container Recycling Plan

The plan should include:

Renewal every two years with public comment period

Clear and specific reporting requirements of the BCRO

Clear and specific requirements to be a redemption center with a description of how handling fees will be set

Delineate how unredeemed funds will be spent. Including details of the education plan for two years

Dispute recording and reconciliation with neutral party mediation and settlement