

the  
**RETAILERS**edge  
Minnesota Retailers Association

January 22, 2014

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 cost-benefit analysis relating to the Minnesota Pollution Control Agency's (MPCA) proposed beverage container deposit-refund recycling program (hereafter referred to as "program"). I am writing today to share the Minnesota Retailers Association's observations on the cost-benefit analysis (hereafter referred to as "analysis"). Thank you to your staff and contractor for producing the analysis and the resulting presentation on January 14.

This issue is important to us because 788,000 jobs across the state depend on the economic viability of retailers. Minnesota Retailers Association (MnRA) members work each day to enhance our economy through the maintenance and growth of these jobs. It is our general position that the proposed program stands to stifle our economy by increasing consumer prices, threatening retail jobs, and harming our border communities.

#### **Massive Infrastructure Costs \$219 Million A Year**

The analysis puts the cost of the program at \$32 million a year, representing the program's projected deficit. We contend that the real annual cost of the program should include the operating infrastructure costs. When doing so the program cost is actually \$219 million a year. Clearly this massive amount of infrastructure comes at a very high cost to Minnesotans. Counting beverage container deposits needed to fund the entire program, the per-year cost is staggering at over half a billion dollars.

#### **Consumer Price Increases Underestimated**

The analysis states that the anticipated price impact to consumers is less than a penny per beverage container. This assumes that wholesale-level administrative costs do not impact the price of a beverage in Minnesota. We are concerned that the actual price impact to the consumer would be more if the analysis were to estimate deposit administration and remittance costs at the wholesale level. The less-than-penny conclusion also fails to factor in the actual dime price increase that will occur as a result of the deposit. As such, we feel the ten cent deposit, the program operating deficit likely to be passed on to consumers, and the wholesale-level administrative costs (also likely to be passed down to consumers) should all be factored in to an anticipated consumer price increase.

### **Retail Job Impact Understated, Unknown**

A dime deposit per beverage container adds up. Minnesotans can count on an added \$2.40 for a case of water. These increased prices will cause consumers to look for cheaper outlets in nearby states or change their spending habits. We appreciate the effort put forth to estimate retail jobs lost as a result of the program and we understand the difficulty in estimating job impacts across all retail sectors. In the analysis, an available study led to the conclusion that Minnesota will shed an estimated 214 grocery jobs. While grocery jobs are at risk as a result of the program, we know other retail sector jobs will be impacted negatively, including those in convenience retail. We would like the report to acknowledge that job ramifications in other retail areas are possible and likely given a presumed statewide sales impact. Also we think it is important to consider not only direct jobs lost, but also indirect jobs.

### **Border Community Impact Goes Beyond Beverages**

Minnesota price increases will undoubtedly cause consumers to shop in nearby states, especially when you consider the large percentage of Minnesotans that live within an easy drive of a border. Unfortunately when a consumer crosses a boarder they may also buy their gas, groceries, and other items. Because of this, border communities will suffer at a disproportionate rate as pointed out in the analysis, and retail jobs will be lost in vital Minnesota communities. We simply cannot afford to add this disadvantage to our border communities today.

### **Minnesota Is A Recycling Leader**

Currently Minnesota is working in the right direction with the expansion of single-sort, curbside systems which represent convenience for our citizens. The deposit-refund system represents inconvenience and expense when considering unanalyzed storage and transportation costs for consumer redemption. In addition, Minnesota is already a national leader in recycling based on the systems we have in place. Can we do better? Absolutely, but we need to give our current expanding system and our recycling infrastructure time to show results as we continue to talk about options other than one modeled off a costly deposit-refund system.

As an association representing more than 1,500 retail storefronts statewide, we remain opposed to Minnesota's implementation of the deposit-refund recycling program. My organization looks forward to continued dialog with MPCA on this issue, and thank you again for the opportunity to comment.

Sincerely,



Bruce Nustad  
president