



Comments on the cost-benefit analysis of the Minnesota Draft Recycling Refund Program Design

On behalf of our membership of 920 California wineries of all sizes, Wine Institute submits the following comments on the cost benefit analysis of the MPCA's "Draft Program Design for a Recycling Refund Program for Beverage Containers in Minnesota."

The Wine Institute is committed to environmental stewardship. Through our Sustainable Winegrowing Program, we provide California vintners and growers with information on how to conserve natural resources, protect the environment and enhance relationships with employees, neighbors and local communities. We, therefore, support efficient and cost-effective mechanisms to increase the recycling of wine bottles and believe that resources in Minnesota would be better dedicated to promoting the state's curbside recycling program rather than creating and implementing a beverage container redemption program.

While the analysis' projected cost of the MPCA's proposed beverage container deposit system is substantial, it still falls far short in estimating the total costs for this new program, including the numerous costs incidental to implementing and operating this program which will ultimately be borne by Minnesota consumers. Out of the total of 10 states that impose container deposits, only two, Maine and Iowa, include wine bottles in their redemption laws. Based on our experience in those states, wineries pay wholesalers to open each case of wine and place the specific redemption sticker on each bottle before it goes to retailers. One large California winery reports paying 34 cents per bottle for this work in Maine. To demonstrate the magnitude of the cost, 54,715,200 750 ml bottles of wine were consumed in Minnesota in 2012 based on data from the *2013 Wine Handbook*. Therefore, the estimated cost to wineries, and ultimately Minnesota consumers, to comply with the proposed bottle deposit program would be an additional \$18.6 million annually. There would also be added costs associated with wineries collecting and remitting deposits on winery direct sales to Minnesota consumers.

Curbside is ideal for recycling wine bottles, since pick-up is made where the product is primarily consumed – at home. Wine bottles are heavy, breakable and take up household storage space, so they are not well suited for recycling programs that require consumers to return them to a retail location or redemption

center. Raising awareness of and promoting the use of comprehensive curbside recycling would be more effective in increasing recycling rates, rather than simply putting a “fee” on every bottle that will probably not be returned by the average consumer.

Given the combination of the state’s excise, sales and gross receipt taxes as well as added hospitality taxes that are levied in some metropolitan areas, Minnesotans already pay high prices for alcohol beverages. This new program would add significant costs, resulting in higher prices for consumers.

On behalf of the Wine Institute and our members, thank you for your consideration of our serious concerns with imposing a Minnesota beverage container deposit.