WHAT IS NEW YORK STATE’S BOTTLE BILL?

The New York State Returnable Container Act, known as the “Bottle Bill,” has been the state’s most effective recycling and litter prevention program. The bill provides incentives for proper disposal and recycling by requiring a 5-cent deposit on containers holding certain kinds of beverages. After consumption, empty containers can be recycled and redeemed through their return at designated stations in retail stores or redemption centers. With an average return rate of over 70% and more than 90 billion beverage containers returned and recycled since its enactment in 1982, the Bottle Bill has kept millions of tons of plastic, metal, and glass out of the state’s waste stream with no cost to local governments.

New York State has shown exemplary leadership and foresight in advancing state law to ensure that progress continues to be made in environmental and waste stream practices. 200,000 metric tons of greenhouse gasses have been removed each year, 6 million tons of materials have been recycled, and the state has saved the energy equivalent of more than 52 million barrels of oil. Local governments have benefitted greatly and taxpayers have saved an estimated $300 million in landfill tipping fees. By placing responsibility for managing beverage container waste on those who make it, beverage companies and consumers, the Bottle Bill provides a cost effective and efficient system to reduce trash in our waste streams and environment.

The New York State Returnable Container Act was became effective on July 1, 1983 as part of Article 27, Title 10 of the Environmental Conservation Law (ECL), Sections 27-1001 to 27-1019. It was originally enacted on June 15, 1982, and has been amended several times since, most recently in 2013.
IS IT TIME TO REVISIT NEW YORK’S BOTTLE BILL?

Returnable container laws in New York State require a 5-cent deposit on all individual, separate, and sealed glass, metal, or plastic bottle, can, or jar less than 1 gallon, or 3.78 liters, of a beverage for consumption.

Beverages included:

- Carbonated soft drinks
- Carbonated energy drinks
- Carbonated juice with less than 100% juice that contains added sugar and water
- Soda water
- Beer and other malt beverages
- Mineral water, both carbonated and non-carbonated
- Wine products
- Water not containing sugar, including flavored or nutritionally enhanced

Beverages not included:

- Milk products
- Wine and liquors
- Hard ciders
- Tea
- Sports drinks
- Juice
- Drink boxes
- Waters containing sugar
CURRENT LAWS

The 2013 amendment aimed to improve the implementation of the law and enhance compliance. Effective March 29, 2013, changes to the bill include a new provision that prohibits tampering with reverse vending machines (RVMs), the right for redemption centers and dealers (retailer/stores) to refuse crushed containers in order to prevent double redemption, and the clarification that all containers must have “NY 5¢” permanently embossed on containers or permanently marked on the container label.

HOW DOES THE DEPOSIT/REDEMPTION SYSTEM WORK?

The redemption system works through a steady flow of initiating and reclaiming deposits on containers.

Step 1) Deposit Initiation

The process begins with a deposit initiator. A deposit initiator may be a bottler of beverages, a distributor of beverages in a beverage container with an established refund value, a dealer who sells or offers for sale a beverage in a beverage container, or an agent acting on behalf of a registered deposit initiator.

The deposit initiators collect, at minimum, a 5-cent deposit from retailers on each beverage container sold to retailers in New York. Retailers are vendors, including convenience stores and supermarkets, that sell beverages to consumers. Consumers pay retailers the deposit for each beverage container purchased.
Step 2) Deposit Redemption

To redeem their deposit, consumers can return their empty beverage containers to retailers and redemption centers. Reverse Vending Machines (RVMs) are often provided for consumers to use. When using an RVM, a consumer places their empty containers into the machine which reads the barcode on the container. Once the transaction is complete the RVM provides a voucher that can be exchanged for cash or credit inside the store.

Only those containers with a New York refund label (NY-5¢) are eligible for a refund. A store or RVM may reject a return if the store does not carry that type of container, the container does not have a proper New York refund label, the container is not in reasonably good condition, or if the container has anything in it besides small amounts of dirt, dust, or moisture.

Retailers and redemption centers are reimbursed the deposit plus a 3.5-cent handling fee by the distributor or deposit initiator for each beverage container returned.

The original Bottle Bill of 1982 allowed the distributor to retain all unredeemed deposits. The bill has since been changed to reflect an 80% - 20% split between the state and the distributor.

<table>
<thead>
<tr>
<th>Quarterly Period Begin Date/End Date</th>
<th>Total Amount NYS Received from Deposit Initiators</th>
</tr>
</thead>
<tbody>
<tr>
<td>(8/13/09)-(11/30/09)</td>
<td>$22,742,470.67</td>
</tr>
<tr>
<td>(12/1/09)-(11/30/10)</td>
<td>$116,504,352.63</td>
</tr>
<tr>
<td>(12/1/10)-(11/30/11)</td>
<td>$103,215,527.32</td>
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<tr>
<td>(12/1/11)-(11/30/12)</td>
<td>$111,115,588.46</td>
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<tr>
<td>(12/1/12)-(11/30/13)</td>
<td>$104,417,917.96</td>
</tr>
<tr>
<td>(12/1/13)-(11/30/14)</td>
<td>$102,716,890.41</td>
</tr>
<tr>
<td>(12/1/14)-(11/30/15)</td>
<td>$100,618,666.44</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$661,331,413.89</td>
</tr>
</tbody>
</table>

The information in this table is based on data reported by registered deposit initiators to the NYS Department of Taxation and Finance.
REVERSE VENDING MACHINES (RVMS)

A receipt from RVMs is exchangeable for legal tender or store vouchers for up to sixty days without requiring the purchase of other goods.

Effective March 1, 2010 a dealer/retailer that is part of a chain that sells the same general products under common ownership, operating 10 or more stores in New York must install and maintain a certain number of RVMs. This amount is based on the stores’ square footage that is devoted to the display of goods for sale to the public.

- 40,000 sq ft to less than 60,000 sq ft: At least 2 RVMs.
- 60,000 sq ft to less than 85,000 sq ft: At least 3 RVMs.
- 85,000 sq ft or more: At least 4 RVMs.

This requirement does not apply to stores that:

- Sell only beverage containers of 20 ounces or less that are packaged in quantities fewer than 6
- Devotes no more than 5 percent of its floor space to the display and sale of consumer commodities as defined in Section 214(h) of the Agriculture and Markets Law
- Obtain a waiver from the Commissioner authorizing an alternative technology

Anti-Fraud Measures: Return Limits

In an effort to prevent deposit fraud, all dealers may limit the number of containers accepted from one person to 240 containers per day, but only if they have a sign posted stating so. This “Redemption Warning” sign must also state that any redeemer may make 48 hour advance arrangements to redeem an unlimited number of empty beverage containers. Stores that are not open 24 hours a day do not have to accept containers during the first and last hour of their business day. Dealers must offer, at a minimum, a consecutive two hour period between 7:00 a.m. and 7:00 p.m. daily whereby they will accept up to 240 containers, per redeemer, per day.

A business less than 10,000 square feet in size and whose primary business is the sale of food or beverages for off-premises consumption, may limit the number of containers redeemed per person per day to 72 containers if:

The business has a written agreement with a redemption center whose location is in the same county and within ½ mile of the dealer and whose hours of operation cover at least 9:00 a.m. through 7:00 p.m. daily. The dealer must post a visible sign identifying the location and hours of operation of the affiliated redemption center.
WASTE COLLECTION: CONTAINER RETURN AND RECYCLING

Third-Party Pick-Up
Once beverage containers are returned to retailers or redemption centers, a third-party pickup service retrieves them. These third parties normally negotiate a contract based on volumes collected. There are currently 10 different third-party collection agents that pick up empty containers for distributors, dealers, and Redemption Centers for the deposit initiators in New York State.

Sorting
Prior to transport, retailers and redemption centers are required to sort containers for pick-up provided by distributors. Distributors may require containers to be sorted by brand and material type. RVMs physically sort by material type, and comingle by brand. Reverse Vending technology initiates the accounting process at the moment of redemption. Containers are compacted, thereby ‘cancelling’ them from further redemption.

Collection & Transport
Once sorted, bags and cases of containers are tagged and loaded onto trucks for shipment to processing facilities. Pick-Up Agents check the bag count to ensure the accurate recording of the origin and number of bags for pick-up.

Processing and Shipment for Recycling
Pick-Up Agents transport the bags and cases of containers to regional market processing centers. After off-loading the containers, the processing facility re-counts the bags and cases to check that the same number of bags and cases that were collected and scanned were off-loaded.

Recycling
After arriving at the third-party facility, all plastic bottles and cans are baled, and glass bottles are de-cased (i.e. the cardboard case is removed from the glass bottles). Co-mingled bags of containers are sorted into the different material streams. The three streams of materials, glass, PET, and aluminum, are loaded onto tractor-trailers and shipped to plastic reclamation facilities, aluminum smelters, and glass bottle manufacturers for recycling. Tomorrow rescinded

<table>
<thead>
<tr>
<th>Third-Party Pick-up Agent</th>
<th>Areas Served</th>
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<tbody>
<tr>
<td>Environmental Products Corporation (ENVIPOCO)</td>
<td>All counties in NY State</td>
</tr>
<tr>
<td>Western NY BICS</td>
<td>Erie, Niagara, Chautauqua, Allegany, Cattaraugus Counties</td>
</tr>
<tr>
<td>Star Cooperative</td>
<td>Broome, Portions of Tioga, Delaware, Otsego, Chenango Counties</td>
</tr>
<tr>
<td>Central Recycling Cooperative</td>
<td>Chenango, Otsego, Delaware, Schuyler, Steuben, Tioga, Tompkins, Yates and part of Cortland Counties</td>
</tr>
<tr>
<td>Crown-Y</td>
<td>Allegany, Cattaraugus, Steuben, and parts of Livingston, Ontario, and Wyoming counties</td>
</tr>
<tr>
<td>5 Boro Green Services</td>
<td>NYC Metropolitan Area</td>
</tr>
<tr>
<td>Hudson Baylor</td>
<td>Ulster, Dutchess, Orange and Putnam Counties, and parts of Sullivan County and NYC Area</td>
</tr>
<tr>
<td>Parallel Products</td>
<td>NYC Area</td>
</tr>
<tr>
<td>Arbor Recycling Inc.</td>
<td>Bronx, Brooklyn, Queens, Westchester, Long Island</td>
</tr>
</tbody>
</table>
HISTORY

Bottle Bill programs in the United States started as early as 1953 in Vermont, when a bill banning the sale of beer in non-refillable bottles was established. This legislation expired after only 4 years, resultant of strong lobbying from the beer industry. In 1971, Oregon implemented the first Bottle Bill addressing the increasing problem of litter in the state, placing a 5-cent deposit on each container sold.

In New York State much resistance was met to establish a Bottle Bill law, ranging from New York lawmakers to beverage companies. Small business grocers argued that their facilities were not physically capable of storing their inventory along with the returned bottles. It was also felt that the clientele brought in through bottle returns would be bad for sales.

Eventually the Bottle Bill was enacted under Governor Hugh Carey on June 15th, 1982 and implemented on July 1st, 1983 under Governor Mario Cuomo. The year long wait provided grocery stores, distributors, bottlers, and brewers time to prepare for implementation.

PROBLEMS LEADING UP TO THE NYS BOTTLE BILL

At the time that the Bottle Bill was enacted, a considerable amount of trash in the environment consisted of empty bottles of beer and soda. Consumption of soft drinks increased in the country from 26,000 gallons per capita in 1972 to 38,000 gallons per capita by 1982. A similar trend occurred in bottled beer consumption during those same years. Due to the increased demand for bottled beverages, industries that had once reused their returned bottles could no longer continue that process. In order to stay financially sustainable, many companies began using single-serve containers made from plastic, glass, or metal that could be mass produced quickly and cost effectively. Starting in the 1950s and 1960s, these bottling trends popularized in the 1970s and 1980s and are now the industry standard for bottling beverages worldwide.
The combination of shifts to single-serve containers with little to no regulation and the increase in consumption of beer and soft drinks in the 1970s and 1980s led to mass littering throughout the state. The New York State Returnable Container Act of 1982 incentivized the proper disposal and recycling of discarded cans or bottles by placing a 5-cent deposit on containers made of metal, glass, paper, plastic or any combination containing beer and malt beverages, carbonated soft drinks, mineral water, or wine coolers. People were able to return their bottles to retail stores or redemption centers to redeem their deposits. All unredeemed deposits were retained by the distributor or bottler with a handling fee of 1 cent (20% of the refund value), changing to 1.5 Barrage cents in 1983.

GAINS AND ACHIEVEMENTS

New York’s Bottle Bill was an immediate success. According to the New York State Department of Environmental Conservation (NYSDEC), during the first year of the Bottle Bill implementation, 3,843,305,940 containers were removed from the state’s waste stream consisting of 154,809 tons of glass, 32,648 tons of aluminum, and 17,201 tons of plastic. The redemption rate for the first year was 71.6%, totaling $137,608,265 of redeemed deposits. Retailers and bottlers retained all unredeemed deposits at a dollar value of $54,557,032. Retailers were given the revenue generated by the handling fee of the containers which totaled $40,946,581. The state experienced a net gain of an estimated 4,317 to 5,079 jobs attributable to the Bottle Bill in the first year, providing economic development opportunities for New York State communities.

The Bottle Bill was seen as a major improvement to New York’s economy, environment, and quality of life and many felt that the state had made great gains towards a more sustainable future. Over time, changes in industry and consumer trends sparked discussion on whether or not the bill needed to be updated. The Solid Waste Management Act of 1988 (Chapter 70, Laws of 1988) was established to reduce the amount of solid waste generated in the state by promoting reuse of materials, recycling of materials that cannot be reused, and recovery and utilization of energy from solid waste. The handling fee, which finances small business redemption centers, was raised and frozen at 2-cents per container in 1997.
CHANGING BEVERAGE TRENDS: THE BIGGER BETTER BOTTLE BILL

Although the Bottle Bill was a great success, the popularity and convenience of bottled water, excluded under the original law, began to increase dramatically. The consumption of bottled water increased in the country from 800,000 gallons in 1982 to 2,300,000 gallons in 1992. By 2007, bottled water consumption had ballooned to 8,435,700,000. This led to the need to revamp the Bottle Bill to keep up.

On June 1, 2009, New York, under Governor David Paterson, enacted the “Bigger, Better Bottle Bill” which collected a deposit on water bottles and was designed to keep pace with growing consumer trends that had the potential to impact the environment. Since the beginning of the state’s Bottle Bill, beverage companies had retained more than $2 billion of the public’s unclaimed 5-cent deposits. In response, legislators included a requirement that companies transfer 80% of the unclaimed deposits they collect to the state’s general fund, where the money will be used to provide services to the public. Large stores, over 40,000 square feet, were now required to maintain designated bottle and can return areas, providing residents more opportunities to return empty containers. The 2-cent freeze on the handling fee in 1997 did not take into account growing operation costs for redemption centers, causing many to shut down or take out loans to stay in business. The 2009 amendment increased the fee distributors have to pay to retailers and redemption centers to 3.5-cents per containers.

(Data from the U.S. Department of Agriculture Economic Research Service and the Beverage Marketing Corporation.)