

**Report to the Joint Standing Committee on Environment and Natural
Resources
129th Legislature, Second Session**

Maine's Bottle Bill Program

January 2020

Contact: Paula Clark
Director, Division of Materials Management
Phone: (207) 287-7718

Scott Wilson
Program Manager, Bottle Redemption Program
Phone: (207) 446-1187



MAINE DEPARTMENT OF ENVIRONMENTAL PROTECTION
17 State House Station | Augusta, Maine 04333-0017
www.maine.gov/dep

Executive Summary

PL2019 C133 states that “initiators of deposit that were part of a commingling agreement and the contracted agents of the initiator of deposit were required to report the number of beverage containers picked up from each redemption center on each pick-up date in calendar year 2018. After reviewing and analyzing the data, the commissioner shall submit a report to the Joint Standing Committee on Environment and Natural Resources, on or before January 15, 2020, detailing the department's findings and recommendations, including any proposed legislation. After reviewing the report, the committee may report out legislation to the Second Regular Session of the 129th Legislature to implement recommendations contained in the report.”

The initial data received from the entities came in a variety of formats which made it problematic to analyze. DEP staff had to contact several entities to ask for additional data or clarification of the data supplied. Even after working with the entities, the information provided was not of a confidence level high enough to make recommendations to make major changes to the bottle program. The Department will need more time to work with the entities to make improvements to the data collection process. After reviewing the improved data sets, the Department will be in a better position to suggest efficiencies in the handling and transportation of beverage containers and to ensure convenient collection of beverage containers for consumers.

I. Introduction

Brief History

The Bottle Bill was passed over 40 years ago. Title 38 Chapter 33, 3101 states: “It is the intent of the Legislature to create incentives for the manufacturers, distributors, dealers and consumers of beverage containers to reuse or recycle beverage containers thereby removing the blight on the landscape caused by the disposal of these containers on the highways and lands of the State and reducing the increasing costs of litter collection and municipal solid waste disposal.”

The “Bottle Bill” law was implemented in 1978 under the purview of the Department of Agriculture. The program has been a success with estimated recovery rates falling in the 75% to 87% range, while national overall recycling rates are estimated at 34%. In the program’s 41 years of existence, there have been nearly 50 bills proposed to modify the program. Major changes to the program include:

- P.L. 1989, ch.585 expanded the program to include wine, spirits, water, and carbonated and noncarbonated beverages, though it specifically excluded milk products and unpasteurized apple cider;
- P.L. 2003, ch.499, enacted commingling, made unredeemed deposits for non-commingled containers accrue to the State, and required BABLO to enter into a qualified commingling agreement;
- P.L.2015, c.166 transferred responsibility for the program to the Department of Environmental Protection (DEP) effective November 1, 2015; and
- P.L. 2017, ch.140 expanded the program to cover wine and spirit containers under 50 milliliters and assigned them a 5¢ deposit and became effective January 1, 2019.

The Bottle Bill has resulted in a very successful collection program.

Roles and Responsibilities

DEP staff are responsible for compiling and dispersing program information; licensing and registering program participants; and inspecting and enforcement of redemption centers. Enabling statute for the program is contained in 38 M.R.S. §§ 3101-3118. Statutory provisions address program purpose and intent, definitions, refund rates, responsibilities, application, rules, prohibitions, and penalties under law. Maine Revenue Services (MRS), within the Department of Administrative and Financial Services (DAFS), also has a limited administrative role related to the reporting and collection of unredeemed deposits. All initiators of deposit (IoDs) that are not

in a commingling group must remit all non-redeemed deposits to MRS on a monthly basis. This is referred to as escheats. The two departments continue to work together to make improvements to the program, especially to data validation.

Initial lessons learned

Like many of the challenges that face the state, the solutions that work in urban areas of the state don't necessarily work in the rural areas of the state. When looking at ways to improve the bottle program we must take this into consideration. Maine currently licenses 380 redemption centers. Collection in urban areas tends to be from redemption centers that deal with higher volumes of returnables and short travel distances. Collection in rural areas tends to be from redemption centers that are separated by greater distances and low volumes of returnables making pick up more costly. When trying to find solutions to streamline the program the affected entities must consider the cost of transportation while also making sure of timely collections and reimbursement for redemption centers.

The Department found that many of the entities required to report data had difficulty supplying the information required by the statute. Many supplied data that had not undergone proper quality control. The data may have reflected either best estimates or a misunderstanding of the type of data that was being requested. The Department hopes that, by working with the entities, the next round of data will be of better quality and provide the necessary information to make recommendations regarding program improvements in the future.

Technology can help resolve many of the issues, but it isn't a solution by itself. Reverse Vending Machines (RVM) are one way to improve the program. By using these machines, or ones like them, data and reimbursement is improved. RVMs also reduce the number of sorts the redemption centers need to do which reduces the labor costs and expedites the redemption process for customers. The major barrier for redemption centers acquiring these machines is the cost. Monthly rental cost is estimated to be \$600 per month and because the current machine is manufactured in Europe, needing 3 phase power, installation of the power supply is approximately \$15,000 to \$20,000. For a redemption center to offset the cost of the RVM they would have to do a volume more than 12,000 units per month or 160,000 units per year based on a handling fee of 4.5 cents (This is for 1 machine). The cost estimates are based solely on rental fee and do not include any additional operating cost.

Regional collections site may offer a possible solution to this issue. By analyzing the locations of the redemption centers and comparing volume data we may be able to see if, by regionalizing collection, we can reduce transportation cost by reducing the volume and number of the pickups while providing payments to the redemption centers in a timely manner and maintaining ready access to the redemption centers for the public.

Collection of glass offers several problems for the system. Currently, the recycling markets for glass are limited. Glass should be separated by color to maximize its recyclability. If the different colors of glass are mixed the markets for the glass are very limited. With additional education and outreach some of the problems with collection of glass can be overcome. Glass is heavy and difficult to handle which will always make it more costly to handle.

Recommendations

The Department recommends two minor modifications to the program to clarify language regarding fees and the definition of Manufacturer. The recommendations are in the appendix of the report. The first proposed change allows for continued legislative oversight over licensing and registration fees while maintaining the Department's flexibility in implementing the Bottle Program's regulations. The second proposed change involves the revision of the definition of Manufacturer, which clarifies the intent that the underlying manufacturer of beverage containers is also included when determining whether a beverage container is reusable or requires registration.

Conclusions

To achieve the efficiencies in the beverage container redemption system that the legislation seeks, the department will need to continue collecting information into the future. Current data does not provide the information the department needs to make a full assessment of the system. The department will need to work with all involved entities to improve data collection and reporting. Once data quality is of sufficient quality to evaluate the program the department will work with all parties to find solutions that will provide program-wide improvements that assure the continued success of the program. It is in the best interest of the program to take additional time to evaluate the new data to maximize the efficiencies in the bottle program.

Appendix - Proposed changes to Maine's Bottle Bill law

38 MRSA §352. Fees

5-A. Accounting system. In order to determine the extent to which the functions set out in this section are necessary for the licensing process or are being performed in an efficient and expeditious manner, the commissioner shall require that all employees of the department involved in any aspect of these functions keep accurate and regular daily time records. These records must describe the matters worked on, services performed, and the amount of time devoted to those matters and services, as well as amounts of money expended in performing those functions. Records must be kept for a sufficient duration of time as determined by the commissioner to establish to the commissioner's satisfaction that the fees are appropriate.

TABLE II

WASTE MANAGEMENT FEES - ANNUAL LICENSE

MAXIMUM FEES IN DOLLARS

TITLE 38 SECTION	PROCESSING FEE	ANNUAL LICENSE FEE
3109, Redemption centers	0	100

38 MRSA §3102. Definitions

13. Manufacturer. "Manufacturer" means a person that:

- A. Sells or offers for sale a beverage in the State under the manufacturer's brand or label; or
- B. Licenses another person to sell or offer for sale a beverage in the State under the manufacturer's brand or label; or
- C. Imports into the United States for sale or offering for sale in the State a beverage that is manufactured outside of the United States by another person without a presence in the United States; or
- D. Is an out-of-state wholesaler of liquor that holds a certificate of approval issued pursuant to Title 28-A; or
- E. Bottles, cans or otherwise places beverages in beverage containers for sale to distributors or dealers.

38 MRSA §3113. Licensing requirements

A license issued annually by the department is required before any person may initiate deposits under section 3103, operate a redemption center under section 3109 or act as a contracted agent for the collection of beverage containers under section 3106, subsection 8, paragraph B. [2015, c. 166, §14 (NEW).]

1. Procedures; ~~licensing fees.~~ The department shall adopt rules establishing the requirements and procedures for issuance of licenses and annual renewals under this section, ~~including a fee structure.~~

1-A. Licensing fees. Any person who submits an initial application or annual renewal application shall pay the following fees at the time of submission.

A. Redemption Centers.

i. For redemption centers:

- a. The initial application fee is \$100.00;**
- b. The annual renewal application fee is \$100.00;**

B. Initiators of Deposit.

i. For small breweries and small wineries that produce 50,000 gallons or less of its product:

- a. The initial application fee is \$50.00;**
- b. The annual renewal application fee is \$50.00;**

ii. For bottlers of water who annually sells 250,000 or less containers each containing no more than one gallon of its product within the State of Maine:

- a. The initial application fee is \$50.00;**
- b. The annual renewal application fee is \$50.00;**

iii. For small beverage Manufacturers whose total production of all Beverages from all combined manufacturing locations is 50,000 or less gallons annually:

- a. The initial application fee is \$50.00;**
- b. The annual renewal application fee is \$50.00;**

iv. For all other Initiators of Deposit:

- a. The initial application fee is \$500.00;**
- b. The annual renewal application fee is \$500.00;**

C. Contract Agents.

i. For approval as Contracted Agents:

- a. The initial application fee is \$500.00;**
- b. The annual renewal application fee is \$500.00;**

38 MRSA §3105. Labels; stamps; brand names

5. Label registration. An initiator of deposit shall register the container label of any beverage offered for sale in the State on which it initiates a deposit. Registration must be on forms or in an electronic format provided by the department and must include the universal product code for each combination of beverage and container manufactured. The initiator of deposit shall renew a label registration annually and

whenever that label is revised by altering the universal product code or whenever the container on which it appears is changed in size, composition or glass color. The initiator of deposit shall also include as part of the registration the method of collection for that type of container, identification of a collection agent, identification of all of the parties to a commingling agreement that applies to the container and proof of the collection agreement. The department may charge a fee for registration and registration renewals under this subsection.

A. An Initiator of deposit who submits an initial application or annual renewal application for the registration of beverage container labels shall include with the application the following fees at the time of submission:

i. For wine containers:

a. The initial application fee is \$1.00 per label;

b. The annual renewal application fee is \$1.00 per label;

ii. For all other Beverage Containers:

a. The initial application fee is \$4.00 per label;

b. The annual renewal application fee is \$4.00 per label;

B. If a Universal Product Code (UPC) or International Article Number (EAN) on a beverage container is changed during the registration period, that Product will be considered to be discontinued and an application for registration of the Product label bearing the new UPC or EAN and the appropriate registration fee must be submitted to the Department prior to offering the Product for sale into Maine.