

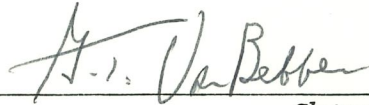
MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS

Held in Room 510, at the Statehouse at 2:45 ~~am~~/p. m., on February 27, 1975.

All members were present except: Mr. J. Slattery, who was excused

The next meeting of the Committee will be held at 2:45 ~~am~~/p. m., on March 3, 1975.

These minutes of the meeting held on _____, 19____ were considered, corrected and approved.



Chairman

The conferees appearing before the Committee were:

Representative Mike Glover
Representative Sandy Duncan
Representative Mike Hayden
Representative John Bower
Mr. Lawrence Blythe, White City
Dr. Richard Davis
Mr. Pat Hubbell, Kansas Beer Dealers
Mr. Dave Richardson, Overland Park, American Can
Mr. Robert Mace, Jayhawk Retail Food Dealers Association
Mr. Jerry Galvin, Kansas Soft Drink Association
Mr. Doug Johnson, Kansas Pharmaceutical Association
Mr. Gary Zook, Kansas Retail Council
Mr. Bud Cornigh, Fleming Company
Mr. Lee Circle, Arkansas City,
Mr. Ben Vidrickson, Kansas Restaurant Association

The meeting was called to order by the Chairman, who introduced Rep. Glover to discuss his HB 2352. Mr. Glover explained that this is basically the Vermont bill, and he knows there are some problems with it; that if the Committee is seriously considering these three bills he would defer to the other two and ask that the bill lay over.

Rep. Hayden appeared on House Bills 2365 and 2496. He stated this is the third year he has been concerned with this matter and that the legislature has been concerned with it even longer. He explained that these bills are an effort to correct the litter problem in the state, and that they address themselves not only to litter but to solid waste as well. He stated he is disappointed that industry is appearing in opposition to the bills. He alleged that industry has never said they would try to work something out and he doesn't think that the problem can be solved until they do. He explained that 2469 is basically the Washington bill, which is a tax upon the industry, the revenue of which will be devoted to anti-litter campaigns. Hb 2365 is patterned after the Oregon bill which is a mandatory deposit-refund on containers.

Mr. Lawrence Blythe of White City, appeared in support of the bills and stated that the litter problem has increased in recent years; that he believes the bills would increase employment, conserve energy and reduce litter.

Mr. Blythe testified that because of the good experience in Oregon, Vermont and South Dakota had adopted the same kind of law.

Dr. Richard Davis, Advisory Council on Ecology, stated he was not representing the Council because they had taken no action regarding these bills. He stated that Rep. Duncan had asked him to appear. He explained that there had been considerable objection to Mr. Glover's bill, but felt that those objections are resolved in HB 2365. He pointed out that it would not require dealers and distributors to devote a great deal of space to returns and it provides for specific redemption centers. He stated he believes these bills (HB 2365 and 2496) are important environmental bills.

Rep. Anderson inquired if it wouldn't pose a problem in storage--for example, it would be storing garbage in a supermarket. Dr. Davis stated he didn't think they would be stored for long before being returned to a redemption center. The Chairman stated this is assuming there will be redemption centers, and he thought Mr. Anderson was suggesting that there may not be any. Dr. Davis stated he hadn't thought of it in that light.

Rep. John Bower appeared in support of the two bills, and stated he had read a survey concerning the Oregon law; that in the first year the reduction in roadside litter was about 30%, and the people believe the law is good and that it works.

Rep. Duncan stated that in the past, such bills have been categorized as environment vs. industry; that he does not feel this way, and feels the best way is consumer education. He explained that an interim study had determined that any problems in such legislation would be more than off-set by the benefits. He explained that one thing this legislation would do is lower the fine for littering; that now it is \$500 to \$500 and few people are convicted because the courts are reluctant to impose such a heavy penalty; that he believes the minimum fine of \$10.00 would be more effective because it would be more in the nature of an educational program. He stated it would be his intention that no money from the general fund be used to implement the program; that it would all be paid by the tax.

Rep. Feleciano suggested that one solution might be to do away with non-returnable containers, and stated that someone spoke of containers being 30% of the litter, and asked about the other 70%. Mr. Duncan stated by getting rid of 30% of the litter, there is only 70% to go. Mr. Morris stated that in regard to educational programs, he feels the industry has already done some things, and Mr. Duncan agreed that some of them have.

Mr. Pat Hubbell appeared in opposition to the bills, on behalf of the Kansas Beer Distributors Association. He stated that litter is not an industrial problem--it is a people problem. He stated that he would not want to offend Mr. Blythe, but wanted to use him as an example; that during the hearing Mr. Blythe had smoked two cigarettes and all the ashes went on the floor; that people need to be educated so they do not toss their trash indiscriminately. He stated that the industry is trying to do this very thing. He pointed out that there has been federal legislation introduced and that industry has supported the National Resource Recovery Act. Mr. Hubbell offered a book entitled Project Completion Report for the use of

of the Committee, which is a study of the effectiveness of the Oregon law. He stated there has been no major survey in Kansas, but at Emporia a survey was made along I-35. They picked up 142 pounds of metal, 35 pounds of rubber, 23 pounds of glass and 23 pounds of other materials. He stated there were 126 beer cans, which is a minor amount of the weight of the trash involved.

Rep. Sellers inquired if there was any kind of fiscal note, and Mr. Hubbell stated that in 1973, the ABC director estimated for accounting and auditing, it would cost them between \$50,000 and \$60,000. The Chairman inquired about the .015 tax, and Mr. Hubbell stated he had no definite figures but estimated they would be talking about \$250,000 to \$300,000.

Mr. Dave Richardson, Overland Park, representing American Can, stated he represents a large number of people working and living in Kansas, as well as in surrounding states, and that in this particular industry any Kansas legislation has a direct bearing on surrounding states. He stated that can manufacturers have a large investment and that they expect to continue to expand; that they have a large payroll; that they are concerned with this type of legislation. He stated that litter is only 2% of all solid waste and that his industry is concerned with the solid waste problem. He stated they have developed a system of solid waste recycling and displayed a brochure (see exhibit) which deals with all solid waste-- not just bottles and cans. Upon questioning, Mr. Richardson stated he is not certain of the cost of such a plant, but probably in the neighborhood of \$4 or \$5 million; which in the long run would be a bargain.

Mr. Robert Mace, Jayhawk Retailers Food Dealers Association, called attention to the letter which he had written to members in opposition to the proposals. He stated that such legislation increases the cost of operation, the cost of the product and ultimately the cost to the consumer. He expressed the greatest concern for the small dealer.

Mr. Jerry Galvin, Kansas Soft Drink Association, offered copies of a report for all members of the committee. He stated that he believes if such legislation is passed, at least three major plants go out of operation overnight. He pointed out the problems in record keeping and the cost of maintaining such records. Also, he expressed concern that the more rural areas would not see fit to have redemption centers.

Mr. Doug Johnson, Kansas Pharmaceutical Association, offered a printed statement for members, and testified that such legislation would pose a problem in record keeping for pharmacies and drug stores.

Mr. Gary Zook, Executive Director of the Kansas Retail Council, appeared in opposition to the three bills. He stated his organization believes that such legislation contributes to the problem rather than helping; that it would increase the cost of business and raise the prices of the products; that the tax is discriminatory.

Mr. Bud Cornish, representing the Fleming Company, testified in opposition to the proposals, and stated that he agreed with Mr. Zook's statements; that he estimates his company would be required to pay an additional tax of \$31,000; that the manufacturers who supply the company would pay a like amount, or an enormous amount annually on the goods mentioned in the bills.

Mr. Lee Circle, Kansas Food Dealers Association, offered a printed statement in opposition to the proposals, and testified that his organization is in opposition to all three bills.

Mr. Ben Vidrickson, Kansas Restaurant Association, testified that he is opposed to the bills on the basis of the sanitation problem.

The meeting was adjourned.

KANSAS FOOD DEALERS ASSOCIATION

Lee Circle, Exec. Sec.-Treas.
Arkansas City, Kansas

A. C. Office Bldg.
P. O. Box 551

HOUSE FEDERAL & STATE AFFAIRS COMMITTEE

REP. G. T. VAN BEBBER, CHAIRMAN

HEARING, FEBRUARY 27, 1975

ON

H. B. 2352 - 2365 and 2496

PROPOSALS TO TAX NON-RETURNABLE BOTTLE & CAN BEVERAGE CONTAINERS.

FROM PAST DISCUSSIONS IN THE KANSAS LEGISLATURE, IT IS APPARENT THAT THE MAJOR REASON FOR SUGGESTING ANTI-CONTAINER BILLS IS LITTER. PEOPLE UNJUSTIFIABLY FOCUS ON BEER AND SOFT DRINK CONTAINERS AS THE ONLY FORM OF LITTER. UNFORTUNATELY, IT IS THE FEELING OF MANY THAT IF ONE-WAY CONTAINERS WERE BANNED OR TAXED, LITTER WOULD DISAPPEAR. IT IS ALSO CLEAR THAT THE MAJORITY OF THESE PEOPLE WHO FAVOR ANTI-CONTAINER BILLS BELIEVE THAT LITTLE SOCIAL OR ECONOMIC COSTS WOULD RESULT FROM THE SWITCH OF A PARCEL NON-RETURNABLE SYSTEM OF DISTRIBUTION TO A 100% RETURNABLE SYSTEM. THIS CERTAINLY IS NOT TRUE. THERE ARE COSTS IN PICKING UP LITTER BUT THESE COSTS ARE MINIMAL WHEN CONSIDERED AGAINST THE SOCIAL AND ECONOMIC COSTS THAT WOULD OCCUR IF AN ENTIRE SYSTEM OF DISTRIBUTION WAS THROWN OUT AND FORCED TO BE REPLACED IMMEDIATELY BY ANOTHER.

THE KANSAS FOOD DEALERS ASSOCIATION WITH OVER 1700 MEMBERS, OR 90% OF THE STATE'S SUPERMARKETS AND CONVENIENCE STORES IS VERY MUCH OPPOSED TO THE PASSAGE OF H.B. 2352 - 2365 AND 2496.

SOME OF OUR REASONS, BUT CERTAINLY NOT ALL OBJECTIONS, FOR OPPOSING MANDATORY DEPOSITS, (OR A TAX, WHICH IT REALLY IS) ON NON-RETURNABLE BEVERAGE BOTTLES AND CANS ARE:

For Committee
2-27

REFUSE DUMPS WOULD BE MADE OF OUR GROCERY STORES. THE HANDLING, SORTING AND STORING OF SUCH A TREMENDOUS ADDITIONAL VOLUME OF EMPTY BOTTLES AND CANS IS MOST FRIGHTENING TO OUR MEMBERSHIP.

SANITATION. THE PILING UP OF SO MANY EMPTY, SOME NOT COMPLETELY EMPTY, BOTTLES AND CANS IN OUR STORES WOULD CAUSE AN INSURMOUNTABLE AND COSTLY HOUSEKEEPING PROBLEM. HAVE YOU EVER EXAMINED THE CONDITION OF SOME OF THE RETURNABLE BOTTLES YOUR GROCER GETS BACK? SOME HAVE BEEN REUSED FOR ALL SORTS OF OTHER PURPOSES. CIGARETTE BUTTS, ROACHES, DIRT, NOT QUITE EMPTY, FOREIGN LIQUIDS, AND OFTEN RAIN, AS MANY ARE STORED AT THE HOME OUT OF DOORS,

IT'S A WONDER THE DEPARTMENT OF HEALTH & ENVIRONMENT EVEN PERMITS US TO ACCEPT THEM.

THE WHOLE IDEA INHERENT IN EACH OF THESE BILLS IS INCOMPATIBLE TODAY WITH THE EXPANDING DEMANDS PLACED ON OUR FOOD STORES TO MEET MORE AND MORE EXACTING SANITATION REQUIREMENTS ON THE PART OF THE PUBLIC, OSHA, AND VARIOUS PRESENT STATE INSPECTION AGENCIES.

WE ARE STRONGLY IN FAVOR OF MOST ALL ENVIRONMENTAL AND ECOLOGIST GOALS. OUR ONLY DIFFERENCES ARE OFTEN IN THE MANNER IN WHICH THEY PROPOSE TO ACHIEVE THEM.

STORAGE PROBLEM. THE NEXT TIME YOU GO SHOPPING WITH YOUR WIFE, ASK THE OWNER OR MANAGER TO SHOW YOU HIS BACK ROOM. CHECK HIS RETURNED BOTTLE SECTION AND REMEMBER THERE ARE NO EMPTY CANS THERE YET.

NOW VISUALIZE EXPANDING THIS AREA BY PERHAPS 20 TIMES OR MORE AND YOU WILL GET A ROUGH PICTURE OF THIS RETAILER'S THREATENED PROBLEM, WHICH ACCOMPANIES THIS TYPE LEGISLATION.

WE KNOW THIS PROBLEM AS WE HAVE HEARD FROM SEVERAL OREGON GROCERS. ONE SUCH RETAILER HAD TO SPEND \$7500.00 JUST TO BUILD AN ADDITIONAL STORAGE ROOM TO SORT AND STORE BOTTLES AND CANS. THERE IS NOT FLOOR SPACE IN ANY SUPERMARKET OR CONVENIENCE STORE TO ACCOMODATE THIS EXPANDED INFUX OF EMPTY CONTAINERS.

PICKUP PROBLEMS. ALREADY IN SOME PLACES WE ARE HAVING TROUBLE GETTING ALL OUR EMPTIES PICKED UP. DELIVERY MEN OFTEN ARE RELUCTANT TO PICK UP MORE EMPTIES THAN THEY BRING IN FULL CASES. THEY DON'T HAVE ROOM IN THE TRUCKS FOR ADDITIONAL EMPTIES. AND MIND YOU, THERE ARE NOW NO NON-RETURNABLE BOTTLES AND CANS TO COMPOUND THE PICK UP PROBLEM.

HANDLING COSTS. A STUDY WAS CONDUCTED IN 1971 OF EIGHT SOUTHERN CALIFORNIA CHAINS TO DETERMINE THE PER BOTTLE COST OF HANDLING PRESENT RETURNABLES. ALL ASPECTS OF HANDLING WERE INCLUDED, SUCH AS LABOR, SPACE AND EQUIPMENT, BREAKAGE, STORAGE AND INVENTORY. THE COST VARIED AMONG THE EIGHT CHAINS, RANGING FROM .96¢ PER BOTTLE TO 1.6¢ PER BOTTLE. THE AVERAGE WAS IN THE NEIGHBORHOOD OF 1.3¢ PER BOTTLE. THIS IS OVER 30¢ PER CASE OF 24 BOTTLES, WHICH TAKES A GOOD PART OF THE RETAILERS MARGIN.

ALL 1971 HANDLING COSTS INVOLVED ARE MUCH HIGHER NOW. TODAY THE TOTAL COSTS WOULD BE PROHIBITIVE IF ALL BEVERAGE CONTAINERS HAD TO BE BY LAW REROUTED BACK THROUGH FOOD STORES. RETURNABLES NOW ARE THE ONLY PRODUCT IN OUR STORES WE HAVE TO HANDLE TWICE TO MAKE ONE PROFIT.

RETAILERS ARE NOT BEING REIMBURSED BY THE WHOLESALER OR BOTTLERS FOR THIS WORK OF STORING AND SORTING THEIR EMPTY CONTAINERS.

PRICE RAISE. THE IMMEDIATE EFFECT OF A TAX OR ADDITIONAL DEPOSIT ON RETURNABLES AND NON-RETURNABLES AS PROPOSED IN THESE BILLS WOULD BE INCREASED PRICES TO CONSUMERS FOR SOFT DRINKS AND BEER. PERHAPS EVEN MILK, AS IT IS A BEVERAGE AND IN A CARTON WHICH WOULD PERHAPS BE COVERED

IN H.B. 2365

FOOD STORES WITH THEIR AVERAGE OF 1¢ PROFIT ON A DOLLAR SALE CANNOT ABSORB THIS ADDED EXPENSE AND I'M SURE THE PUBLIC WITH OUR PRESENT ECONOMIC CONDITIONS DOESN'T WANT HIGHER PRICES.

BOTH PARTIES, I UNDERSTAND, HAVE PLEDGED NO NEW TAXES IN 1975.

THE SOLUTION. WHATEVER IS DONE TO REDUCE HIGHWAY LITTER, THE PUBLIC WHO PUT IT THERE WILL ULTIMATELY PAY THE COST.

PASSING BOTTLE AND CAN TAX BILLS WILL BE ONLY A PIECEMEAL SOLUTION, EVEN IF SUCCESSFUL.

OUR SOCIETY'S OVERALL PROBLEM TODAY IS SOLID WASTE. RECYCLING IS AND MUST BE THE ULTIMATE SOLUTION. HERE IN THE PROCESS OF LITTER CONTROL, AND WASTE DISPOSAL, PAPER, GLASS, METALS, WOOD AND EVEN GARBAGE IS CONVERTED BACK INTO USABLE PRODUCTS. NOT EXPENSIVELY RETURNED TO THE SELLER WHERE IT STILL REMAINS A PROBLEM.

IN THIS CENTURY OF THREATENED SHORTAGES, RECYCLING IN THE FUTURE, WILL BE AS COMMON AS TREATING OUR DRINKING WATER IS NOW.

- * 18 CITIES ARE TODAY MAGNETICALLY EXTRACTING STEEL CANS FROM THEIR REFUSE.
- * 4 CITIES ARE EXTRACTING STEEL CANS AND BURNING GARBAGE TO PRODUCE ENERGY.
- * 7 ADDITIONAL CITIES ARE PLANNING OR BUILDING INSTALLATIONS TO SEPARATE STEEL SCRAP FROM GARBAGE.
- * 19 ADDITIONAL CITIES ARE PLANNING OR BUILDING REFUSE-TO-ENERGY SYSTEMS INCLUDING STEEL RECYCLING.

A 1972 KANSAS SPECIAL COMMITTEE ON ECOLOGY, AFTER EXTENSIVE HEARINGS AND STUDY, REPORTED SIMILAR LEGISLATION UNFAVORABLY. THEY STATED IT WOULD NOT SIGNIFICANTLY IF AT ALL REDUCE THE PROBLEM TO WHICH IT ADDRESSED ITSELF.

I URGE THIS COMMITTEE TO KILL H.B.2352 - 2365 - and 2496.

BOTTLES AND CANS DO NOT LITTER - PEOPLE LITTER.

LITTERING IS AGAINST THE LAW NOW.

Oregon Grocer's Experience With Bottle Bill At Food Store Levels

EDITOR'S NOTE: Many conflicting and confusing reports by research groups, surveys by manufacturers, bottlers and government agencies, pollution and ecology experts have made true appraisal of the actual worth of the recently enacted Oregon Bottle Bill hard for our Kansas legislators to analyze.

A special interim legislative committee on environmental protection has recommended a similar bill be passed in Kansas during the 1974 legislative session.

In view of the conflicting information situation K.F.D.A. President, Wayne Reed, wrote a grocer friend, Mr. Herb Totman, in Roseburg, Oregon soliciting his actual experience and problems encountered in operating under the Oregon Bottle Bill which is now 2 years old.

Mr. Totman is owner and operator of 3 supermarkets in Oregon. Following is his unedited December 6, 1973 reply.

Wayne Reed

Independence, Kansas

Dear Wayne:

I hope I can give you some insight to the Oregon Bottle Bill as it pertains to the groceryman who is carrying the load as far as problems and expense are concerned.

More Storage Space Required

We have found it necessary to make additional room available to just store and sort bottles. In our largest store here in Roseburg it was necessary to build a new bottle warehouse, in this instance we put up a pre-fab steel building at a cost of approximately \$7,500.00.

As you probably know under the Oregon law a 2¢ deposit is required on approved beer bottles and 5¢ on bottles that are not approved by the Liquor Commission as standard. We can intermix the bottles for return purposes to the beer distributors, so we do eliminate the problem of returning Olympia beer bottles to Olympia beer distributors and Budweiser beer bottles to Budweiser distributors.

Required To Redeem All Bottles and Cans

We are required by law to redeem all brands of bottles and cans that we sell providing the empties are reasonably clean.

However, when it comes to cans, each distributor will only pick up his brand or brands of empty cans. For this reason we do not handle canned beer because of the great additional expense of sorting the cans and either counting them or weighing them and of course this entails an additional sorting if you should be weighing the cans because, as you know, we still have both steel and aluminum cans. The deposit on metal cans is 5¢ and pull tabs or any type opener that can be separated from the can are illegal.

Pull tabs are still legal on any non-carbonated drinks such as Welchade, Hi C, etc.

10¢ to 20¢ Deposit On Bottles

Of course our biggest problem lies with pop bottles. The deposit requirements here are 10¢ on small bottles

and 20¢ on large bottles. These deposits are set by our local distributors. We are sorting bottles by distributors only at this writing. They would like to have us sort by size, that is 8, 10, or 12 oz. bottles and also by product, that is Seven Up, Coke or Pepsi, but again we have refused and let the pop distributors do further sorting.

We have to purchase extra bottle carts and still it is common to have 50 or more shopping carts filled with empty bottles and cans on a weekend. We have hired extra help who do nothing but sort bottles and cans.

Only One Brand Canned Pop Handled

We do handle one brand of canned pop—Shasta, as they have a pretty complete line of dietetic pop as well as regular pop. This is distributed from our wholesaler who in turn picks up our empties in plastic bags which we buy from the wholesaler again reducing our margin of profit. The Shasta people furnish large cardboard boxes in which the plastic bag is inserted with a slit top that is removed when the bag is full and the bag lifted out and a new bag inserted. Our wholesaler returns the empties to the Shasta people, who in turn weigh them and send us a check to pay for them within three or four days. Just a lot more bookkeeping.

The Shasta people have just come out with a 5¢ deposit 10 oz. twist top bottle for carbonated beverages and we return the empties in six packs packed into a master case. Again the empty case is returned to us through the wholesaler and a check mailed to us for the returned empties.

Comparative Litter Figures Misleading

As to cleaning up the freeways I am sure we have less litter because so many cans are coming back to us, but as to bottles, there is still a lot of broken glass and the state still hires people to pick up litter along the state highways. The people who think this is a great bill are not in the grocery business. The first comparative figures that were used by Governor Tom McCall compared a period in late fall with a like time period in summer to show the extreme reduction in litter which in my estimation is not a fair comparison as we all know that summer time is a better beverage season than winter.

Our feelings as retailers here in Oregon was that it is a very unfair and inequitable law. Far better to place a tax at the wholesaler level on **all sources** of litter and turn the resultant revenue over to the Highway Department to hire students and people in need of work to police the litter along our highways and in our public parks.

Everything For Sake Of Ecology Questionable

I hope this answers some of your questions Wayne. In these days of everything for the sake of ecology I think that our lawmakers will have to use a little common everyday sense to not put undue burden on the retail groceryman. Burden that does nothing but increase the cost of doing business at a time when the total food cost to the consumer is going up. Let's share a little of the burden of policing litter with all businesses that contribute to the total litter picture.

2-27

TESTIMONY

House Federal and State Affairs Committee

Thursday, February 27, 1975

RE: HB 2352, HB 2365 and HB 2496

Mr. Chairman, and members of the Committee, my name is Gary Zook, Executive Director of the Kansas Retail Council, a division of the Kansas Association of Commerce and Industry. I appear in opposition to these bills which relate to allegedly controlling litter in the State of Kansas.

At its December 4, 1974, meeting, the Board of Commissioners of the Kansas Retail Council adopted a policy which states: "The Kansas Retail Council opposes requiring a deposit on non-returnable containers or packaging of any kind. It is felt that such measures do not significantly improve environmental problems, but rather, complicate the problem of the disposal of solid waste. In addition, economic hardships are imposed upon retailers, thus increasing the cost of consumer goods in contributing to continued inflation. KRC urges the Kansas Legislature not to enact such legislation."

House bills 2365, 2352, and 2496 are far-reaching pieces of legislation which would increase the cost of business operation, decreased profits, require additional storage space, and raise the price of beverage and other products in today's inflationary economy.

You have heard considerable justification for not passing the bills which would call for a redemption value on various kinds of beverage containers. As I have just stated, the Kansas Retail Council specifically opposes that kind of legislation for the reasons you have heard today.

The provisions of HB 2496 which would impose a Kansas litter tax present some other kinds of problems. First of all, the tax proposed is discriminatory. It imposes burdens upon one segment of our economy for the benefit of the total population. It prescribes a tax on 11 kinds of products and yet exempts 9 other kinds of products from imposition of the tax. It is also a pyramiding tax with the imposition first at

the manufacturing level, then at the wholesale level, and then at the retail level. In short, it represents a nuisance tax and would be repressive in its effect upon today's economic situation. It is noted at this point that the platforms of both political parties pledged no new taxes in 1975.

Mr. Chairman, and members of the committee, the Kansas Retail Council opposes each of these three bills and would encourage members of the committee to not act favorably on these measures.

KANSAS PHARMACEUTICAL ASSOCIATION
Testimony on
HB2496

House Committee on Federal & State Affairs
February 27, 1975

Mr. Chairman and members of the Committee, my name is Douglas Johnson, Executive Director of the Kansas Pharmaceutical Association.

The Kansas Pharmaceutical Association does support one of the two purposes of the Kansas Litter Control Act (HB2496). That is, we do support litter control within Kansas, however, we do not agree with the cost allocation procedure of HB2496.

Line 30 on page 6 provides for an annual litter assessment on "non-drug - drug store sundry products". The average gross sales in Kansas pharmacies is estimated at \$200,000 annually per store. Since the majority of Kansas pharmacies do not separate sundry products from drug products, it is difficult to compute the litter assessment. A ball park average could realistically be 25% or \$50,000 per store in gross sales of sundry products. Computing the annual litter assessment ($\$50,000 \times 0.15$) = \$7.50 per pharmacy per year.

Even though both political parties are opposed to increase taxes, I am not here today in opposition to HB2496 based on the \$7.50 tax per pharmacy alone. Our estimates indicate that it will cost Kansas pharmacies anywhere from \$300 to over \$1,000 to keep the necessary records to compute the \$7.50 assessment.

The majority of pharmacies in Kansas do not separate their sales of non-drug - drug store sundry products from total store sales. If they separate at all, they separate the sales of prescription drugs from the rest of the store sales.

It seems to us that any litter control bill should tax or assess everyone equally in the state as the manufacturers, wholesalers and retailers are not responsible for people littering. The most equitable solution is to fund this litter control out of General Revenue funds.

In summary, Mr. Chairman and members of the Committee, the members of the Kansas Pharmaceutical Association recommend that HB2496 not be passed in its present form.



2-27
PEPSI-COLA GENERAL BOTTLERS, INC.

AN IC INDUSTRIES COMPANY

6050 MANCHESTER TRAFFICWAY • KANSAS CITY, MISSOURI 64130 • AREA CODE 816-363-2030

February 25, 1975

The Honorable G. T. VanBebber
Chairman
Federal and State Affairs Committee
House of Representatives
State Capitol Building
Topeka, Kansas

Dear Chairman VanBebber:

My name is Jerry Galvin. I represent the Kansas Soft Drink Association and would like to submit the following background information on the affects of the beverage container legislation in Oregon where it has been in effect since October 1, 1972, and Vermont since September 1, 1973.

There are major differences between these states, which should be given serious consideration in arriving at any decisions. Population, for example: Oregon, 2,200,000; Vermont, 480,000. Also, very little industry exists in either state.

Oregon has historically been a returnable bottle market. For example, 60 percent of all soft drinks were distributed in returnable bottles before the law was enacted. Thus, there was not as great an economic adjustment required in converting to a mandatory deposit system consisting of glass returnable bottles almost exclusively. Based on our experience in Oregon, and Vermont, we also learned that the law practically eliminates metal beverage cans from the marketplace. Vermont was just the opposite of Oregon, for its bottlers had utilized convenience packaging almost exclusively for eight years when the law went into effect. Some of the Vermont bottlers have gradually switched back to a returnable system, but at a tremendous cost.

We know that a returnable system is labor intensive, for there is much sorting, handling, and transporting of empty bottles. In Portland, Oregon, our Pepsi-Cola Bottler had to increase his truck delivery fleet 25 percent. He also ran into a fuel problem during the gas shortage (see March 25, 1974, Waterbury, Connecticut, newspaper article attached). A returnable system also requires large amounts of hot water and chemicals to clean--up to 10 gallons of water a case.

Perhaps one of the best sources of information I can provide you with in the case of Oregon, is the six-page summary of the law. This summary is based on the 300-page "Official Oregon Study" contracted for by the State Legislature--a copy is attached.

Vermont, because the law has been in effect a shorter time, is not as well documented as Oregon. However, I have attached a one-page fact sheet, which highlights some of the developing information from Vermont.

Vermont legislators will also admit that their so-called "Bottle Law" is not working too well, and in fact, currently is being examined for possible changes.

Two major points, which are of great concern to all of us, are the affects of restrictive container legislation on jobs and consumer costs. It has been estimated by the AFL-CIO, which actively opposes restrictive container legislation, that 164,000 beverage industry jobs could be jeopardized if a mandatory deposit law were enacted at the national level.

You may also be interested in the voters' reaction to mandatory deposit or restrictive beverage container legislation. In every case where the issue was decided by referendum, voters have turned down mandatory deposit legislation. To date, there have been a total of six referendums--Dade County, Florida being the most recent, where voters turned down a 5¢ mandatory deposit by a majority of 58 percent.

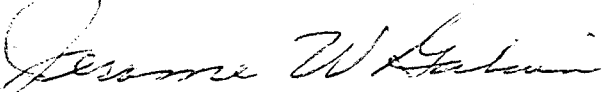
In summation, I would also suggest that the container laws passed to reduce litter are not as effective as some proponents would lead the public to believe. Enclosed is a very recent report compiled by the Oregon Highway Division, which shows beverage container litter during the summer months, 1974 vs. 1973, was up 127 percent. This report seems to be in conflict with much of the publicity released through ex-Governor Tom McCall's office over the last two years, which usually stated the law was a "rip-roaring success." We in the beverage industry do not believe lost jobs, increased costs of doing business, increased consumer costs, and increased amounts of litter to be a "rip-roaring success."

The Kansas Soft Drink Association wants to thank you and the committee, and on behalf of the hundreds of soft drink employees who live in Kansas and work for KSDA members, for your interest in learning the affects of the proposed restrictive legislation upon the beverage industry.

If you have need for additional information or might have any questions, I will try to obtain answers for you.

Sincerely,

PEPSI-COLA GENERAL BOTTLERS, INC.



Jerome W. Galvin
Advertising/Public Relations Manager

CC: Members Federal and State Affairs Committee
Kansas House of Representatives

Bottles Aren't Worth Trouble

PORTLAND, Ore. (AP) — A spokesman for one of Oregon's largest soft drink bottling companies said that other state legislatures considering an Oregon-type "Bottle Bill" should suspend their efforts during the energy crisis.

Ted Gambel Jr., president of the local Pepsi-Cola Bottling Co., said the "Bottle Bill," which he strongly supported, has substantially increased gasoline consumption for bottlers, brewers and distributors as more extra trips are now required to bring empty containers back from retail outlets.

The Oregon antilitter law, enacted in 1972, calls for a 2 to 5 cent deposit on all carbonated beverage containers purchased at retail outlets.

OFFICIAL OREGON "BOTTLE BILL" STUDY

SUMMARY AND CONCLUSIONS
(Annotated)

PREFACE

Eight changes were made in the Summary and Conclusions section of the draft report submitted by Applied Decision Systems, Inc. to the State of Oregon on August 30, 1974.

Following is a copy of the Summary and Conclusions section from the final accepted report which was published by the State of Oregon on November 7, 1974. The changes are underscored and explained by a series of notes which follow the Summary.

SUMMARY & CONCLUSIONS

The Study of the Effectiveness and Impact of the Oregon Minimum Deposit Law is the product of a year-long project conducted for the State of Oregon, acting through its Legislative Fiscal Officer and its Division of Highways. The study's objective was to analyze the impacts of Oregon's Minimum Deposit Law--ORS 459.810 to 459.890 and 459.992 (5) (6)--over its first year in effect, from October 1972 through September 1973. Three areas were studied:

- Litter Impacts - An analysis of the changes, if any, in the levels and composition of roadside litter along Oregon's primary highways in the year after the law compared to the prior year.
- Economic Impacts - An analysis of the economic effects upon industries of the changes brought about by the Minimum Deposit Law.
- Consumer Attitudes - A survey of Oregon beer and soft-drink consumers to determine their attitudes toward the legislation and their perceived purchase and disposal behavior with respect to beverage containers.

The study is presented in three major sections, each relating to one of the three study areas. No attempt is made in the report to combine the results of all three sections into a single evaluation of the law. The purpose of the report is to present and document as extensive a body of knowledge as possible for the State and others to consider as they weigh the benefits and costs of this legislation.

Major Findings

The major findings of the study are summarized below:

--Litter Analysis

The principal objective of the Minimum Deposit Law was to reduce beverage-related litter throughout the State. The

litter analysis indicates that it was successful in accomplishing that. During the eleven months after the law went into effect, beverage-related litter declined by 66% compared to the year before.

During that period after the law, average daily traffic increased by 4.5%, making the decline even more significant. Each category of beverage-related litter also showed a significant decline. Other litter, however, did not decline after the law, and in fact increased by 12%. Total litter, as a result, only declined by 10.6% because beverage-related 1/ litter (including some items not covered by the law) comprised just 30% of the total.

--Economic Impacts

Costs and other economic impacts have been studied for five major industries: soft-drink producers, brewers, beer wholesalers and distributors, can manufacturers, and glass bottle manufacturers. Attempts to collect detailed, representative data from the state's retail food outlets were unsuccessful, so that industry is not included in the economic summary of results, although the report does contain some observations regarding that group.*

Each of the five industries has experienced increased costs and/or decreased profits since the law. In the first year from October 1972 to September 1973, the five industries 2/ showed a combined reduction in pre-tax profits of \$2.9 to \$4.1 million related to beer and an additional \$4.0 to \$4.5 million related to soft drinks. On a simple units basis, that amounted 2/ to reduced operating profits of 4.5¢ to 6.4¢ per six-pack of beer, and 8.3¢ to 8.8¢ for soft drinks.

The projected second-year profit impacts will be higher 2/ for beer (6.2¢ to 8.1¢ per six-pack) and lower for soft drinks (5¢ per six-pack). In point-of-fact, the long-term impacts upon both segments are very similar; the apparent differences arise partly from different accounting conventions in amortizing container investment and partly from allocating more

*For the most complete treatment of the effects of the law upon retailers, the reader is referred to C.M. Gudger and J.C. Bailes, The Economic Impact of Oregon's "Bottle Bill", Oregon State University, 1974.

container manufacturer impacts to beer than to soft drinks, because the former had a higher pre-law mix of nonreturnable containers.

In terms of jobs, the five industries reported:

- The addition of 175 to 200 new jobs, at an average weekly wage of over \$200.
- The loss of 340 to 427 existing jobs, at an average weekly wage of approximately \$195.
- The addition of a potentially large number of jobs and overtime hours in retail stores handling bottles at a weekly wage of approximately \$100 to \$150.

In new investments, the five industries reported a combined \$6.4 to \$8.5 million of additional investments made during the first year of the law.

Sales of packaged beer and soft drinks have slackened since the law. Despite the continued growth of the population, sales for both on an ounce basis have levelled off at the pre-law sales levels. In the face of historical growth of per capita consumption each year, the per capita consumption in Oregon has now declined since the law.

The impacts upon each of the industries is summarized briefly below:

Soft-Drink Producers as a group lost \$3.1 to \$3.5 million in pre-tax profits compared to the year before the law. The franchise brands (Coca Cola, 7-Up, etc.) showed a sales growth in the year after the law very close to their former rate of growth. The private labels and warehouse brands, however, experienced a 40% decline in sales volume after the law. Overall, soft-drink bottlers in the State increased employment by 142 to 148 new positions, while contract canners reduced employment by 50 to 60. Increased investments for the industry were \$3.5 to \$4.5 million for the first year of the law.

.11

Brewers experienced profit declines of \$0.9 to \$1.2 million before tax in the first year of the law. The national brewers experienced reductions in margins of 40% due to product mix changes, which the regional brewers did not. On the other hand, regional brewers increased employment and investment much more after the law than did national brewers. It appears that Oregon is a small enough market to the national breweries that disruptions could be tolerated without significant investments, but some of the regional brewers could not be as flexible. Total new investment for the brewers from October 1972 through September 1973 was \$2.2 to \$3.2 million. Employment by the brewers increased by 50 to 60 skilled workers.

- 2/ Beer Wholesalers and Distributors experienced reduced pre-tax profits of approximately \$661,000 to \$1,493,000, less some off-setting amount of perhaps as much as \$300,000 in unredeemed can deposits. The area of major impact for the wholesalers was in additional labor for bottle-handling. Some 43 to 50 new employees were added at an increased payroll cost of over \$500,000. New investments of another \$500,000 were also required for trucks and warehouse-related items. An off-set of \$590,000 was received in handling allowances from regional brewers.
- 3/

Can Manufacturers lost approximately 83% of their beverage can sales to the Oregon market after the law. As a result, 140 to 162 skilled jobs were lost, and can manufacturers were left with substantial fixed expenses and almost no sales to cover them. Can manufacturers profits, before tax, declined on their Oregon business by \$2.3 to \$2.5 million in the first year of the law.

- 4/ Glass Bottle Manufacturers were the only industry to experience an increase in profits during the first year; theirs was approximately \$68,000 to \$106,000 before tax on the conversion volume of nonreturnable containers to returnables. Even so, the physical production volume was below the level of the prior year, and the conversion sales gave way to a long-term level of bottle sales for the Oregon market, which was only 25% to 30% of the pre-law level--essentially only replacement and growth sales of returnable containers. In the second year of the law the glass manufacturers will show losses of approximately \$300,000 before tax and uncovered overhead expenses of approximately \$900,000. Employment in the glass manufacturers had already been reduced by 200 to 265 skilled employees before the end of the first year under the law.

--Consumer Attitudes

Consumers in Oregon know of the Minimum Deposit Law and approve of it overwhelmingly. Four out of five interviewed had heard of the law, and half could recall some specific provisions--86% of those named litter reduction, pollution control, or recycling as objectives of the law. Of those interviewed in September 1973, 91% were in favor of the law and only 5% disapproved. When asked about their disposal habits for beverage containers, 90% indicated that they throw none away--all are either returned or recycled. That seems to be borne out by the return rates being experienced by bottlers and brewers: over 95% for soft drinks, and approximately 85% for beer.

In a series of questions designed to measure their attitudes toward the law, over 80% either found it no inconvenience to return empty containers, or were willing to put up with the inconvenience if it helped to reduce litter. Over 80% also indicated a willingness to pay "slightly" higher prices for beer and soft drinks in order to reduce littering.

Other Comments

As the reader will notice, the comparisons of post-law to pre-law behavior are, for the most part, based upon the first twelve months under the law (October 1972 through September 1973). That "first year" horizon has been used consistently in all sections of the study to measure impacts. In some instances where more recent data is available it has also been included.

It will also be noticed from the comparisons above that the primary criterion for measuring impact has been change vs. the prior year. Litter has been measured against its level in the year before the law; economic measures, such as employment, sales, and profits have been compared to their levels in the prior year; and, consumers were asked how their behavior had changed from the year prior to the law. The changes identified by measurements against that criterion are actual changes and not hypothetical gains or losses.

Measurements against forecasts of what might have happened without the Minimum Deposit Law have also been included in some sections of the report as a supplementary criterion of change.

A final note must be added to those who will extrapolate Oregon's experiences under its Minimum Deposit Law to other areas. One must consider the similarities and differences of the markets, consumer attitudes, and industries in both
5/ areas in the process of translating Oregon's experiences to other regions.

EXPLANATION OF CHANGES IN SUMMARY AND
CONCLUSIONS SECTION OF OREGON "BOTTLE BILL" REPORT

Note 1:

The added parenthetical note "(including some items not covered by the law)" was required because errors in the official Oregon litter survey conducted by the Oregon State Highway Division prevented identification and quantification of the beverage containers covered by the Oregon law. (See Section I, pages 12-13). The Oregon litter data provide accurate information only as to total litter and returnable beverage bottle litter changes.

Note 2:

The noted changes all result from correction of a single error in the original ADS analysis, which involved double counting of freight for returning empty beer bottles to regional brewers. As a result, the pre-tax profit losses of the five industries studied, originally reported at \$7.2 to \$9.3 million, has been reduced to \$6.9 to \$8.6 million. These figures understate the true first year profit losses because (a) they do not account for normal profit increases which would have occurred without the law and (b) do not reflect (for want of adequate data) the profit declines of retailers.

Note 3:

The added last sentence regarding handling allowances

from regional brewers does not represent a change in the ADS calculations or analysis, but only an addition to the summary materials.

Note 4:

The slight reduction in glass manufacturers' pre-tax profits on the conversion volume of returnable bottles resulted from a change in the period for determining beverage bottle prices which was made to maintain consistency throughout the report.

Note 5:

The draft report stated that "One must interpret Oregon's experience in the context of Oregon as a unique state" and gave four examples of such uniqueness. This language drew a strong protest from "Bottle Bill" proponents and was modified by ADS at the request of the State.

At public hearings held on October 8, 1974, ADS Project Manager, T. James Glauthier, explained that the controversial language was included "because responsible researchers frequently caution readers as to the potential errors which might be made in careless extrapolation of their findings." Thus, the revised language appropriately still carries the caution that each state presents a unique set of circumstances which must be considered in determining the probable impacts of an Oregon type law.

VERMONT CONTAINER LAW

Vermont passed a law requiring a minimum 5¢ deposit on soft drink and beer containers, which became effective September 1, 1973.

The law concerns:

1. Minimum 5¢ deposit on soft drink and beer containers (glass, metal cans, and plastic)
2. A 20 percent handling fee is provided to the redemption source. Redemption in Vermont is through the selling source--mostly grocery stores.

The Vermont law has not worked too well; in fact, currently the Legislature is considering alternate bills.

The results of the Vermont container law to date follow:

1. Estimated cost to consumer--5 million dollars.
2. Lost beer excise tax--\$340,000.
3. Retail beverage sales are estimated to be off 35 percent. Stores along New Hampshire border have experienced a reduction in beverage sales of 55 to 60 percent.
4. Soft drink bottler sales volume and earnings are down.
5. Consumer beverage costs are up. A 6-pack of beer went from \$1.35 to \$1.95, including deposit (soft drink costs went up too, however, because of the sugar problem, the beer increase is a more clear-cut example).
6. Bottler investment in glass, more trucks, and distribution costs will hurt the normal growth of the small bottler very badly in Vermont. In most cases, the required increased expenditures went out of state.

LC:mlp

Oregon Panel Acts To Disclaim Report On Its Bottle Law

SALEM, Ore., Oct. 12 (AP)—The \$50,000 study of Oregon's bottle law should be paid for, but otherwise disclaimed, a subcommittee of the Oregon Emergency Board has recommended.

The study was prepared by Applied Decision Systems of Massachusetts. It concludes that the ban on throwaway bottles reduced litter as intended but had had economic effects on the beverage industry.

In his motion to accept the controversial study, State Representative Stafford Hansell, a Republican, instructed the Legislative Fiscal Office to attach an introduction saying the legislature did not endorse the

report and was not responsible for the statistics in it.

Mr. Hansell said the introduction should also mention the limitations of the study, the percentage of industries sampled and the fact that voluntary questionnaires were used to gather the information on the bottle bill's economic impact.

Mr. Hansell said later that one of the purposes of the disclaimer was to prevent bottle law opponents from advertising the report in other states as an official Oregon study.

Some of the study's findings have been used as a lobbying tool against the bottle law by members of the beverage industry who want to prevent passage of similar legislation in other states.

George L. Wagner, who represents the beverage industry nationwide, says he is certain the report will make passage of bottle laws in other states more difficult.

THE NEW YORK TIMES, SUNDAY, OCTOBER 13, 1974

Steel can recycling

Published by
The Committee of Tin Mill
Products Producers
American Iron and Steel Institute
1000 16th Street, N.W.
Washington, D.C. 20036



Volume III, Number 7

Oregon Drops Roadside Litter Surveys; Beverage Related Litter Up 127 Percent

In ancient times it was customary for monarchs to execute messengers who brought them bad news.

The same sort of thing happened recently in Oregon. But in this case the offending messenger was the monthly survey of highway litter that told then-Governor Tom McCall that his controversial "bottle bill" was developing bugs—litterbugs that is.

The litter surveys had been started a year before the passage of the bill which imposed mandatory deposits on beer and soft drink containers. Their purpose was to measure the effects of the law.

Litter Had Increased

The last three surveys (June, July and August 1974) showed that littering with beverage containers had increased 127 percent from the same months the year before while other kinds of litter had gone up only six percent.

The final monthly survey—for August 1974—showed the worst results of all, with beverage container litter up more than 300 percent over the August 1973 figures.

Then the surveys quietly got the axe.

Press Asks Questions

When word of the surveys' demise leaked out—three months after the fact—one of Portland's daily newspapers (*The Oregonian*) inquired about it. The governor's press aide then confirmed that the surveys had been stopped, with the explanation that they were no longer needed because the study for which they were being used had been completed.

This explanation raised eyebrows in the West Coast press. Typical was this barb from the *Oakland Tribune*: "Surveys to determine the effectiveness of Oregon's 'Bottle Bill' which requires that beverages be in returnable containers have been discontinued. Wonder whether the fact that the test on a 50-mile stretch of highway found beverage container litter up 127 percent mattered?"

Revelation that the surveys had been squelched came just a month after release of the official study prepared for the Oregon Legislature by Applied Decisions Systems, a research firm.

Costs Up \$12 Million

The study showed that total roadside litter had decreased only 10.6 percent during the law's first year at a cost to industry and consumers of more than \$12 million in increased costs and lowered profits.

To put that \$12 million figure in perspective, the state's total annual budget for litter cleanup ranges from \$500,000 to \$600,000 a year!

Oregon's Law Fails to Sway Idaho Lawmakers

Oregon's much ballyhooed ban on non-returnable beverage containers hasn't sparked much enthusiasm across the border in neighboring Idaho.

An Associated Press survey of Idaho legislators finds 63 percent opposed to a bill patterned after the Oregon law and 37 percent in favor.

The survey reports that most of the lawmakers are critical of Oregon-type legislation because it puts the burden on the small retailer while not attacking the problem of total litter.

"Our solid waste problems are much, much greater than bottles and cans," said Herb Fitz, a state representative. "I would prefer to see more meaningful legislation that would involve the state and not require every grocer, service station and motel to become junk collectors."

Said Edith Miller Klein, a state senator, "The Oregon Legislature has not convinced me that such legislation is the answer to the problem of trash, particularly when it imposes inequitable burdens on a few industries and results in higher prices to consumers."

Midwest Seminar On Recycling For Public Officials

A one-day recycling seminar, sponsored by American Iron and Steel Institute, will be held in Cleveland on March 12 for local and state government officials, solid waste executives and consulting engineers. Product specifications and economic data for marketing ferrous metals reclaimed from municipal garbage will be covered.

The seminar, which is geared to the market situation in the midwest, will feature speakers from each of the industries that recycle reclaimed ferrous—mainly steel cans. Other speakers will deal with current concepts in resource recovery systems design and the use of garbage as an energy source.

Those interested in attending should contact:

Emanuel Strunin
Steel Products News Bureau
633 Third Avenue
New York, N.Y. 10017
212-697-5600

Cleveland Plans Recycling Plant

A new waste-to-energy facility that will magnetically recover an estimated 400 million steel cans annually should begin operation within the next three years in Cleveland, Ohio.

The city is now accepting bids for the construction and operation of a \$25 million facility which will process 1,500 tons of solid waste daily.

The city and the builder will share in the proceeds realized from the sale of reclaimed metals and glass. Combustible portions of the refuse will be burned to generate steam which will be used to power generators at the Municipal Light Plant. All steam generated will be used by the city.

OREGON LITTER

The last three surveys of littering by the Oregon Highway Division for June, July and August, 1974, showed that littering of beverage containers increased 127 percent over the previous year, with other litter increasing 6 percent. Overall litter is now growing at an alarming 9 percent rate. The final monthly litter pickup conducted in September, 1974, showed that 30,438 items had been littered on only 50 one-way mile highway sections (included were 1,352 beverage containers).

State litter surveys, which were begun a year prior to passage of the controversial Oregon "Bottle Bill" to measure the effects of the Oregon law, have now been abandoned by the State Highway Division, according to Governor Tom McCall's Administration Assistant for Environmental Affairs, Hal Brauner.

(In an earlier study done for the State of Oregon by Applied Decisions Systems, Inc., on the total effect of the Oregon "Bottle Bill," roadside litter showed an early decline during the first year of the law's operation. The decline--10.6 percent--was offset, however, by an increase in litter pickup costs of 10.7 percent.)

(The latest figures--cited in the first two paragraphs above--strongly suggest that the decrease was short-lived and the more recent 9 percent litter increase is greater than in most other areas of the country.)

STATE OF OREGON

THE GOVERNOR'S LITTER COMPOSITION SUMMARY

<u>LITTER MONTH</u>	<u>BEVERAGE CONTAINER* LITTER</u>	<u>OTHER LITTER</u>	<u>TOTAL LITTER</u>	<u>MILES #1 SAMPLED</u>
June 1973	316	6,627	6,943	} A.D.S. p.I-47
July 1973	338	13,371	13,709	
August 1973	<u>277</u>	<u>12,480</u>	<u>12,757</u>	<u>25</u>
Totals	931	32,478	33,409	75
Monthly Average Per Mile	12.4	433	445	
June 1974	443	8,113	8,561	24
July 1974	388	6,036	6,424	15
August 1974	<u>934</u>	<u>14,782</u>	<u>15,716</u>	<u>24</u>
Totals	1,770	28,931	30,701	63
Monthly Average Per Mile	28.09 per mile	459	487	
<u>CHANGE IN 1974 vs 1973</u>	<u>UP 127%</u>	<u>UP 6%</u>	<u>UP 9%</u>	

* Includes Returnable & Nonreturnable bottles and cans for soft drinks and beer (no paper it.

** Miles compared are from the same sites during 1973 and 1974.

Litter survey data fans bottle bill fuss

The effectiveness of Oregon's bottle bill in reducing roadside litter became an issue again Friday as claims by opponents brought sharp counterclaims from the governor's office.

A "spark" in the exchange was a three-paragraph press release from the Oregon Beverage Industry Task Force and Can Manufacturers Institute, which has strongly disputed claims made by supporters of the law.

The release reported that monthly state litter surveys, instituted before the bill became law to measure its effects, were discontinued in September. The release said beverage-container littering had increased.

The release stated: "The final monthly litter pickup conducted in September 1974 produced 30,438 littered items from 50 one-mile highway sections, including 1,352 beverage containers.

"The last three surveys of littering in June, July and August 1974 showed that littering with beverage containers increased 127 percent from the year before as other litter increased only 6 percent."

Gene Maudlin, press aide to Gov. Tom McCall, commented that the surveys have been stopped. He said they are no longer needed because the study that they are being used for had been completed. The study referred to was by Applied Decision Systems, Inc., whose findings sparked a controversy of their own when the report was released as

supporters of the bottle bill contended the report had faulty conclusions based on inaccurate data.

Maudlin termed the newest press release a smokescreen and added, "They're trying to make a failure out of a success."

He said that litter figures in his files do not agree with totals in the press release.

George Wagner, attorney

for the industry groups opposing the bottle bill, said he had obtained the figures from a report by the state Highway Division and that he believed the information indicated that beverage containers are making up an increasing percentage of roadside litter.

Both Maudlin and Wagner agreed that month-to-month fluctuations in the amount of

litter picked up posed problems in making any exact comparisons.

The effectiveness of the bottle bill — which requires a deposit on all beer and soft-drink containers sold in the state — is expected to be an issue in the next legislative session, which begins in January.

Supporters of the concept have said they will try to expand the law to cover some other types of containers, such as wine bottles.

Similar legislation to that enacted in Oregon also has sparked controversy in other states, and a national bottle bill has been introduced in Congress.

Wagner and Maudlin both agreed that the law has had some effect on reducing litter, but Wagner said he did not think the impact was as nearly as great as supporters of the law maintain.

Oregon City, Oregon
Enterprise-Courier
(Cir. D 8,153)

DEC 24 1974

Allen's P. C. B. Est. 1888

Litter survey out

PORTLAND — State litter surveys, which were begun a year prior to passage of the controversial Oregon "Bottle Bill" to measure the effects of the Oregon law, have been abandoned by the State Highway Division, according to Hal Brauner, Gov. Tom McCall's Administrative Assistant for Environmental Affairs.

The final monthly litter pickup conducted in September 1974, produced 30,438 littered items from 50 one-mile highway sections, including 1,352 beverage containers.

The last three surveys of littering in June, July and August, 1974 showed that littering with beverage containers increased 127 percent from the year before as other litter increased only six percent.

Oakland, Calif.

Phone
Area 415, 7451
Ext. 137, 7221
City 415, 216, 0941

DEC 26 1974

Allen's P. C. B. Est. 1888

Junction City, Oregon
Times
(Cir. W. 1,364)

DEC 26 1974

State litter surveys, which were begun a year prior to passage of the controversial Oregon "Bottle Bill" to measure the effects of the Oregon law, have been abandoned.

The final monthly litter pickup conducted in September 1974, produced 30,438 littered items from 50 one mile highway sections, including 1,352 beverage containers.

The last three surveys of littering in June, July and August, 1974 showed that littering with beverage containers increased 127 percent from the year before as other litter increased only 6 percent.

Everybody's Business

• Surveys to determine the effectiveness of Oregon's 'Bottle Bill' which requires that beverages be in returnable containers have been discontinued. Wonder whether the fact that the test on a 50 mile stretch of highway found beverage container litter up 127 per cent mattered!

McMinnville, Oregon
News-Register
(Cir. 2xW 6,016)

DEC 27 1974

Allen's P. C. B. Est. 1888

Whatchamacolumn

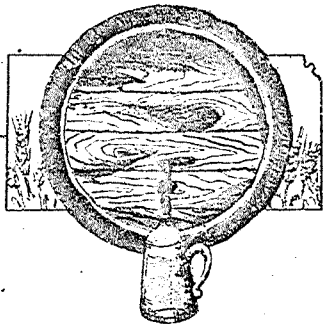
By JEB BLADINE

HERE'S A PIECE of litter information which doesn't quite make sense:

Hal Brauner, Governor McCall's administrative assistant for environmental affairs, reports that the state has abandoned litter surveys to measure the effects of Oregon's controversial "Bottle Bill." The final survey provides good reason for ending this practice, which began a year prior to passage of the Oregon law.

The final monthly litter pickup conducted in September, 1974 produced 30,438 littered items from 50 one-mile highway sections, including 1,352 beverage containers. Report from Brauner is that the three litter surveys in June, July and August of this year showed that littering with beverage containers increased 127 percent from the year before. Other litter, he said, increased only six percent.

2-27



KANSAS WHOLESALERS OF MALT BEVERAGE ASS'N., INC.

PATRICK R. HUBBELL • 818 MERCHANTS NATIONAL BANK BLDG. • 900 JACKSON
TOPEKA, KANSAS 66612 PH. 232-1230

February 27, 1975

OFFICERS

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Second Vice President
Topeka, Kansas

BILL RENBARGER
Treasurer
Topeka, Kansas

To: House Federal and State Affairs Committee
From: Patrick R. Hubbell
Re: House Bill's 2352, 2365, & 2496

Sooner or later in all probability you will be called upon to judge the approval of one or more Bills calling for the elimination or taxation of cans and one way bottles for beer and soft drinks. I hope that you will carefully weigh all aspects with particular attention to the economic impact that such a policy would create on the small businesses and consumers in Kansas.

The states of Oregon and Vermont are mentioned often by the proponents of such measures and I would like to indicate to you that the success or failure of the so-called Oregon Bottle Bill has been vigorously debated in Oregon and across this nation to the point that the State of Oregon itself authorized a \$50,000 contract award to an unbiased outside consultant, handpicked by the Environmental Protection Agency and the staff of Governor Thomas McCall, to study the effects of the environmental and economic impacts in the State of Oregon.

The Study of the Effectiveness and Impact of the Oregon Minimum Deposit Law is the work of Applied Decisions Systems, Inc. of Wellesley Hills, Massachusetts. They found in their research that there had been a reduction in beverage-related litter by 66% compared to the previous year. However, they also found that all other roadside litter which constituted 70% of the total had been increased by 12% giving an overall net decline in all roadside litter of only 10.6%.

DIRECTORS

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Further, among other points, the study staunchly refuted the claim that total litter had been dramatically reduced, refuted the claim that beer and soft drinks sales had not been substantially affected, and refuted the claim that the Oregon experiment is typical of what can be expected elsewhere from similar legislation.

More importantly, they found that offsetting this 10.6% decline in overall roadside litter was an economic loss of \$12,000,000 in the state's economy all of which is documented in detail in the report. And this Oregon experiment was hailed by the proponents as a success and an environmental breakthrough despite the fact that the environmental gains were exceeded by outstanding economic losses!

The total annual cost of the cleanup of roadside litter in Oregon was in the \$500,000 to \$600,000 range including the cost of 225-250 college students hired for the summer for this special purpose.

I can't deny that litter is an unsightly nuisance which is visually and aesthetically offensive to all but the relatively few who create it. But the environmental crusaders have singled out non-returnable cans and bottles of beer and soft drinks for their restrictive action and are ignoring everything else that contributes to litter. So to begin with they propose to solve the litter problem by attacking 20% to 30% of it leaving 70% to 80% untouched. This does not make sense.

Paper remains the largest contributor to the litter problem accounting for over fifty per cent of the items picked up. A study team at the Wharton School of the University of Pennsylvania recently made a two year study of solid waste and litter. They concluded that the maximum reduction in roadside litter one could realistically expect if non-returnable containers of beer and soft drinks were eliminated would be 12%. That prediction has been confirmed by the experience in Oregon.

I maintain that such limited restriction is not worth the economic losses experienced. In Oregon the 10.6% reduction in overall litter might be said to have generated a

savings of \$50,000 to \$60,000 but even that premise is questionable. If you reduce overall litter by 10% or 12% how much do you reduce the work of the highway cleanup crews? How much do you reduce highway cleanup costs? Any? Certainly not \$12,000,000 worth.

The state of Vermont has also plunged headlong into a similar chaotic situation without prudent consideration of the economic effects on their small businesses and also on the consumer who ultimately pays for the additional costs of such a program. This past fiscal year - 1974 - Vermont lost \$282,725 in beer tax revenues or a decrease of 9.8% when their beer excise tax dropped from \$2,875,334 in Fiscal 1973 to \$2,592,609 in Fiscal 1974. A strong case could be made that Vermont lost a whopping \$571,391 in beer tax revenues since their target of an anticipated \$3,164,000 for beer tax revenues for Fiscal 1974 missed the mark by that figure due to their horrendous law.

In Vermont, Administration Secretary Robert Wilson was quoted in the Burlington Free Press of September 9, 1974 ... "The state's deposit law for beer and soft drink containers - in operation a year now - has cut beer sales enough to reduce beverage tax revenues significantly."

Raymond Centybear, Chief of the Taxpayers Services with the Vermont Tax Department, had this to say in the same issue ... "The decline in the beverage tax must be due to the bottle ban."

Economically the State of Vermont was a loser, small businesses in Vermont were losers, and more importantly the consumer in Vermont who shouldered the burden of the increased costs of the program was a loser.

Oregon and Vermont have both done irreparable harm to their economy and both are now considering changes in their respective laws to ease their burdens. Conversely, Kansas has been operating effectively in this area with substantial gains in beer tax revenues, experienced each and every year.

Convenience packaging in all fields has been developed because consumers want it. To legislate against a single industry which contributes only a minor percentage of the litter problem is discrimination of the highest order and in no way resolves this behavioral pattern.

Being in favor of prudent and sensible measures doesn't automatically mean that you should vote "Yes" to every idea that is proposed in the name of environmental improvement.

I ask for your fair and impartial appraisal of all such legislation which may be proposed and presented to you for your judgment and request that you give consideration to the economic impact that could be felt by your local grocer and your friends and neighbors. In my opinion, no useful purpose can be served by its passage.

Oregon's experiment and Vermont's mistake should not be duplicated in Kansas.

Very turly yours,



Patrick R. Hubbell
Executive Director

Note: Please retain this letter for ready reference at a later date.

Note: For those interested may I suggest that The Study of the Effectiveness of the Oregon Minimum Deposit Law may be purchased for \$7.00 through Mr. Floyd J. Gould, Fiscal Officer, Legislative Fiscal Office, 115 State Capitol, Salem, Oregon 97310

MEMBERS OF THE HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE

The Kansas Retail Liquor Dealers oppose the proposed Container Bills for the following reasons: 1)the unsanitary and unhealthy conditions created by empties in our stores, 2)the extra space required to store the containers, 3)the cost of handling the individual empty containers and providing large containers to store them in, 4)increased costs will decrease our profits, 5)will raise the price of beer in our stores, 6)similar bills in Vermont and Oregon have not reduced the litter problems, only reduced sales, 7)will reduce revenues to the state, 8) many stores do not have space and cannot get additional space because of their locations, 9)would force Retail Liquor Dealers to buy containers from persons under 21 who, by our Kansas Law, are not supposed to be in our store.

KRLDA will continue to oppose any legislation that would have such a devastating effect on the Retail Liquor Dealers of Kansas.

Respectfully submitted,
Bill Underwood
Bill Underwood
Legislative Representative
KRLDA

PROPOSED COMMITTEE AMENDMENT

*in Kansas
proposed
amendment*

HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS

Re: HOUSE BILL No. 2496

AN ACT enacting the Kansas litter control act; . . ."

Be amended:

On page 5, in line 27, by striking all after "Sec. 10."; by striking lines 28 to 31, inclusive;

On page 6, by striking lines 1 to 10, inclusive, and inserting in lieu thereof the following:

"(a) There is hereby levied and there shall be paid a tax which shall be known as the "annual litter assessment" as follows:

"(1) An annual litter assessment of fifteen thousandths of one percent (.015%) upon the value of all products which are manufactured and sold within this state in each calendar year to the ultimate purchaser for use or consumption, to be paid by each person engaged in the manufacture of such products; and

"(2) an annual litter assessment of fifteen thousandths of one percent (.015%) upon the gross proceeds of all retail sales of products which are not manufactured within this state but which are sold within this state in each calendar year to the ultimate purchaser for use or consumption, to be paid by each person engaged in the business of selling such products at retail.

"(b) The annual litter assessment levied under this section shall be collected by the secretary of revenue.";

On page 7, in line 11, after "of" by inserting "the"; also in line 11, by striking "or"; in line 12, by striking all before "of" where it appears for the second time; in line 18, by striking "assessments" and inserting in lieu thereof "proceeds derived from the annual litter assessment"; in line 19, by striking "chapter" and inserting in lieu thereof "act";

And the bill be passed as amended.

A new bottle-return law in Oregon has practically cleaned the highways of that state. The law requires refunds to the customer on all beer and soft drink bottles and cans, providing they are returned to merchants.

Don Waggoner, president of the Oregon Environmental Council made this statement about the law: "Our bottle deposit law has dramatically reduced roadside refuse. It has increased overall profits and employment and saved energy and natural resources."

It is estimated that the law has reduced litter from bottles and cans 90 per cent.

Steel and aluminum cans have been virtually driven from the market in favor of returnable bottles. This refuse of bottles, eliminating the manufacture of new containers, saves about 1.3 billion BTUs per year and saves the state's beverage industry almost 4 million each year.

Because of the success of the Oregon plan, Vermont and South Dakota have adopted similar laws.

After only a year, Vermont's bottle deposit law has won the overwhelming support of farmers, some of whom say they've saved at least a full week's work cleaning bottles and cans off their land before spring planting. Representing a number of environment groups which created the law, Tom Kimball of National Wildlife Federation testified that the equivalent of 115,000 barrels of oil would be saved each day banning non-returnables.

U.S. Senate Bill 2062 would create similar legislation across the country.

Bottles Aren't Worth Trouble

PORTLAND, Ore. (AP) — A spokesman for one of Oregon's largest soft drink bottling companies said that other state legislatures considering an Oregon-type "Bottle Bill" should suspend their efforts during the energy crisis.

Ted Gambel Jr., president of the local Pepsi-Coia Bottling Co., said the "Bottle Bill," which he strongly supported, has substantially increased gasoline consumption for bottlers, brewers and distributors as more extra trips are now required to bring empty containers back from retail outlets.

The Oregon antilitter law, enacted in 1972, calls for a 2 to 5 cent deposit on all carbonated beverage containers purchased at retail outlets.

OFFICIAL OREGON "BOTTLE BILL" STUDY

SUMMARY AND CONCLUSIONS
(Annotated)

PREFACE

Eight changes were made in the Summary and Conclusions section of the draft report submitted by Applied Decision Systems, Inc. to the State of Oregon on August 30, 1974.

Following is a copy of the Summary and Conclusions section from the final accepted report which was published by the State of Oregon on November 7, 1974. The changes are underscored and explained by a series of notes which follow the Summary.

SUMMARY & CONCLUSIONS

The Study of the Effectiveness and Impact of the Oregon Minimum Deposit Law is the product of a year-long project conducted for the State of Oregon, acting through its Legislative Fiscal Officer and its Division of Highways. The study's objective was to analyze the impacts of Oregon's Minimum Deposit Law--ORS 459.810 to 459.890 and 459.992 (5) (6)--over its first year in effect, from October 1972 through September 1973. Three areas were studied:

- Litter Impacts - An analysis of the changes, if any, in the levels and composition of road-side litter along Oregon's primary highways in the year after the law compared to the prior year.
- Economic Impacts - An analysis of the economic effects upon industries of the changes brought about by the Minimum Deposit Law.
- Consumer Attitudes - A survey of Oregon beer and soft-drink consumers to determine their attitudes toward the legislation and their perceived purchase and disposal behavior with respect to beverage containers.

The study is presented in three major sections, each relating to one of the three study areas. No attempt is made in the report to combine the results of all three sections into a single evaluation of the law. The purpose of the report is to present and document as extensive a body of knowledge as possible for the State and others to consider as they weigh the benefits and costs of this legislation.

Major Findings

The major findings of the study are summarized below:

--Litter Analysis

The principal objective of the Minimum Deposit Law was to reduce beverage-related litter throughout the State. The

litter analysis indicates that it was successful in accomplishing that. During the eleven months after the law went into effect, beverage-related litter declined by 66% compared to the year before.

During that period after the law, average daily traffic increased by 4.5%, making the decline even more significant. Each category of beverage-related litter also showed a significant decline. Other litter, however, did not decline after the law, and in fact increased by 12%. Total litter, as a result, only declined by 10.6% because beverage-related 1/ litter (including some items not covered by the law) comprised just 30% of the total.

--Economic Impacts

Costs and other economic impacts have been studied for five major industries: soft-drink producers, brewers, beer wholesalers and distributors, can manufacturers, and glass bottle manufacturers. Attempts to collect detailed, representative data from the state's retail food outlets were unsuccessful, so that industry is not included in the economic summary of results, although the report does contain some observations regarding that group.*

Each of the five industries has experienced increased costs and/or decreased profits since the law. In the first year from October 1972 to September 1973, the five industries 2/ showed a combined reduction in pre-tax profits of \$2.9 to \$4.1 million related to beer and an additional \$4.0 to \$4.5 million related to soft drinks. On a simple units basis, that amounted 2/ to reduced operating profits of 4.5¢ to 6.4¢ per six-pack of beer, and 8.3¢ to 8.8¢ for soft drinks.

The projected second-year profit impacts will be higher 2/ for beer (6.2¢ to 8.1¢ per six-pack) and lower for soft drinks (5¢ per six-pack). In point-of-fact, the long-term impacts upon both segments are very similar; the apparent differences arise partly from different accounting conventions in amortizing container investment and partly from allocating more

*For the most complete treatment of the effects of the law upon retailers, the reader is referred to C.M. Gudger and J.C. Bailes, The Economic Impact of Oregon's "Bottle Bill", Oregon State University, 1974.

container manufacturer impacts to beer than to soft drinks, because the former had a higher pre-law mix of nonreturnable containers.

In terms of jobs, the five industries reported:

- The addition of 175 to 200 new jobs, at an average weekly wage of over \$200.
- The loss of 340 to 427 existing jobs, at an average weekly wage of approximately \$195.
- The addition of a potentially large number of jobs and overtime hours in retail stores handling bottles at a weekly wage of approximately \$100 to \$150.

In new investments, the five industries reported a combined \$6.4 to \$8.5 million of additional investments made during the first year of the law.

Sales of packaged beer and soft drinks have slackened since the law. Despite the continued growth of the population, sales for both on an ounce basis have levelled off at the pre-law sales levels. In the face of historical growth of per capita consumption each year, the per capita consumption in Oregon has now declined since the law.

The impacts upon each of the industries is summarized briefly below:

Soft-Drink Producers as a group lost \$3.1 to \$3.5 million in pre-tax profits compared to the year before the law. The franchise brands (Coca Cola, 7-Up, etc.) showed a sales growth in the year after the law very close to their former rate of growth. The private labels and warehouse brands, however, experienced a 40% decline in sales volume after the law. Overall, soft-drink bottlers in the State increased employment by 142 to 148 new positions, while contract canners reduced employment by 50 to 60. Increased investments for the industry were \$3.5 to \$4.5 million for the first year of the law.

Brewers experienced profit declines of \$0.9 to \$1.2 million before tax in the first year of the law. The national brewers experienced reductions in margins of 40% due to product mix changes, which the regional brewers did not. On the other hand, regional brewers increased employment and investment much more after the law than did national brewers. It appears that Oregon is a small enough market to the national breweries that disruptions could be tolerated without significant investments, but some of the regional brewers could not be as flexible. Total new investment for the brewers from October 1972 through September 1973 was \$2.2 to \$3.2 million. Employment by the brewers increased by 50 to 60 skilled workers.

Beer Wholesalers and Distributors experienced reduced pre-tax profits of approximately \$661,000 to \$1,493,000, less some off-setting amount of perhaps as much as \$300,000 in unredeemed can deposits. The area of major impact for the wholesalers was in additional labor for bottle-handling. Some 43 to 50 new employees were added at an increased payroll cost of over \$500,000. New investments of another \$500,000 were also required for trucks and warehouse-related items. An off-set of \$590,000 was received in handling allowances from regional brewers.

Can Manufacturers lost approximately 83% of their beverage can sales to the Oregon market after the law. As a result, 140 to 162 skilled jobs were lost, and can manufacturers were left with substantial fixed expenses and almost no sales to cover them. Can manufacturers profits, before tax, declined on their Oregon business by \$2.3 to \$2.5 million in the first year of the law.

Glass Bottle Manufacturers were the only industry to experience an increase in profits during the first year; theirs was approximately \$68,000 to \$106,000 before tax on the conversion volume of nonreturnable containers to returnables. Even so, the physical production volume was below the level of the prior year, and the conversion sales gave way to a long-term level of bottle sales for the Oregon market, which was only 25% to 30% of the pre-law level--essentially only replacement and growth sales of returnable containers. In the second year of the law the glass manufacturers will show losses of approximately \$300,000 before tax and uncovered overhead expenses of approximately \$900,000. Employment in the glass manufacturers had already been reduced by 200 to 265 skilled employees before the end of the first year under the law.

--Consumer Attitudes

Consumers in Oregon know of the Minimum Deposit Law and approve of it overwhelmingly. Four out of five interviewed had heard of the law, and half could recall some specific provisions--86% of those named litter reduction, pollution control, or recycling as objectives of the law. Of those interviewed in September 1973, 91% were in favor of the law and only 5% disapproved. When asked about their disposal habits for beverage containers, 90% indicated that they throw none away--all are either returned or recycled. That seems to be borne out by the return rates being experienced by bottlers and brewers: over 95% for soft drinks, and approximately 85% for beer.

In a series of questions designed to measure their attitudes toward the law, over 80% either found it no inconvenience to return empty containers, or were willing to put up with the inconvenience if it helped to reduce litter. Over 80% also indicated a willingness to pay "slightly" higher prices for beer and soft drinks in order to reduce littering.

Other Comments

As the reader will notice, the comparisons of post-law to pre-law behavior are, for the most part, based upon the first twelve months under the law (October 1972 through September 1973). That "first year" horizon has been used consistently in all sections of the study to measure impacts. In some instances where more recent data is available it has also been included.

It will also be noticed from the comparisons above that the primary criterion for measuring impact has been change vs. the prior year. Litter has been measured against its level in the year before the law; economic measures, such as employment, sales, and profits have been compared to their levels in the prior year; and, consumers were asked how their behavior had changed from the year prior to the law. The changes identified by measurements against that criterion are actual changes and not hypothetical gains or losses.

Measurements against forecasts of what might have happened without the Minimum Deposit Law have also been included in some sections of the report as a supplementary criterion of change.

A final note must be added to those who will extrapolate Oregon's experiences under its Minimum Deposit Law to other areas. One must consider the similarities and differences of the markets, consumer attitudes, and industries in both
5/ areas in the process of translating Oregon's experiences to other regions.

EXPLANATION OF CHANGES IN SUMMARY AND
CONCLUSIONS SECTION OF OREGON "BOTTLE BILL" REPORT

Note 1:

The added parenthetical note "(including some items not covered by the law)" was required because errors in the official Oregon litter survey conducted by the Oregon State Highway Division prevented identification and quantification of the beverage containers covered by the Oregon law. (See Section I, pages 12-13). The Oregon litter data provide accurate information only as to total litter and returnable beverage bottle litter changes.

Note 2:

The noted changes all result from correction of a single error in the original ADS analysis, which involved double counting of freight for returning empty beer bottles to regional brewers. As a result, the pre-tax profit losses of the five industries studied, originally reported at \$7.2 to \$9.3 million, has been reduced to \$6.9 to \$8.6 million. These figures understate the true first year profit losses because (a) they do not account for normal profit increases which would have occurred without the law and (b) do not reflect (for want of adequate data) the profit declines of retailers.

Note 3:

The added last sentence regarding handling allowances

from regional brewers does not represent a change in the ADS calculations or analysis, but only an addition to the summary materials.

Note 4:

The slight reduction in glass manufacturers' pre-tax profits on the conversion volume of returnable bottles resulted from a change in the period for determining beverage bottle prices which was made to maintain consistency throughout the report.

Note 5:

The draft report stated that "One must interpret Oregon's experience in the context of Oregon as a unique state" and gave four examples of such uniqueness. This language drew a strong protest from "Bottle Bill" proponents and was modified by ADS at the request of the State.

At public hearings held on October 8, 1974, ADS Project Manager, T. James Glauthier, explained that the controversial language was included "because responsible researchers frequently caution readers as to the potential errors which might be made in careless extrapolation of their findings." Thus, the revised language appropriately still carries the caution that each state presents a unique set of circumstances which must be considered in determining the probable impacts of an Oregon type law.

VERMONT CONTAINER LAW

Vermont passed a law requiring a minimum 5¢ deposit on soft drink and beer containers, which became effective September 1, 1973.

The law concerns:

1. Minimum 5¢ deposit on soft drink and beer containers (glass, metal cans, and plastic)
2. A 20 percent handling fee is provided to the redemption source. Redemption in Vermont is through the selling source--mostly grocery stores.

The Vermont law has not worked too well; in fact, currently the Legislature is considering alternate bills.

The results of the Vermont container law to date follow:

1. Estimated cost to consumer--5 million dollars.
2. Lost beer excise tax--\$340,000.
3. Retail beverage sales are estimated to be off 35 percent. Stores along New Hampshire border have experienced a reduction in beverage sales of 55 to 60 percent.
4. Soft drink bottler sales volume and earnings are down.
5. Consumer beverage costs are up. A 6-pack of beer went from \$1.35 to \$1.95, including deposit (soft drink costs went up too, however, because of the sugar problem, the beer increase is a more clear-cut example).
6. Bottler investment in glass, more trucks, and distribution costs will hurt the normal growth of the small bottler very badly in Vermont. In most cases, the required increased expenditures went out of state.

LC:mlp

Oregon Panel Acts To Disclaim Report On Its Bottle Law

SALEM, Ore., Oct. 12 (AP)—The \$50,000 study of Oregon's bottle law should be paid for but otherwise disclaimed, a subcommittee of the Oregon Emergency Board has recommended.

The study was prepared by Applied Decision Systems of Massachusetts. It concludes that the ban on throwaway bottles reduced litter as intended but had had economic effects on the beverage industry.

In his motion to accept the controversial study, State Representative Stafford Hansell, a Republican, instructed the Legislative Fiscal Office to attach an introduction saying the legislature did not endorse the

report and was not responsible for the statistics in it.

Mr. Hansell said the introduction should also mention the limitations of the study, the percentage of industries sampled and the fact that voluntary questionnaires were used to gather the information on the bottle bill's economic impact.

Mr. Hansell said later that one of the purposes of the disclaimer was to prevent bottle law opponents from advertising the report in other states as an official Oregon study.

Some of the study's findings have been used as a lobbying tool against the bottle law by members of the beverage industry who want to prevent passage of similar legislation in other states.

George L. Wagner, who represents the beverage industry nationwide, says he is certain the report will make passage of bottle laws in other states more difficult.

Steel can recycling

Published by
The Committee of Tin Mill
Products Producers
American Iron and Steel Institute
1000 16th Street, N.W.
Washington, D.C. 20036



Volume III, Number 7

Oregon Drops Roadside Litter Surveys; Beverage Related Litter Up 127 Percent

In ancient times it was customary for monarchs to execute messengers who brought them bad news.

The same sort of thing happened recently in Oregon. But in this case the offending messenger was the monthly survey of highway litter that told then-Governor Tom McCall that his controversial "bottle bill" was developing bugs—litterbugs that is.

The litter surveys had been started a year before the passage of the bill which imposed mandatory deposits on beer and soft drink containers. Their purpose was to measure the effects of the law.

Litter Had Increased

The last three surveys (June, July and August 1974) showed that littering with beverage containers had increased 127 percent from the same months the year before while other kinds of litter had gone up only six percent.

The final monthly survey—for August 1974—showed the worst results of all, with beverage container litter up more than 300 percent over the August 1973 figures.

Then the surveys quietly got the axe.

Press Asks Questions

When word of the surveys' demise leaked out—three months after the fact—one of Portland's daily newspapers (*The Oregonian*) inquired about it. The governor's press aide then confirmed that the surveys had been stopped, with the explanation that they were no longer needed because the study for which they were being used had been completed.

This explanation raised eyebrows in the West Coast press. Typical was this barb from the *Oakland Tribune*: "Surveys to determine the effectiveness of Oregon's 'Bottle Bill' which requires that beverages be in returnable containers have been discontinued. Wonder whether the fact that the test on a 50-mile stretch of highway found beverage container litter up 127 percent mattered?"

Revelation that the surveys had been squelched came just a month after release of the official study prepared for the Oregon Legislature by Applied Decisions Systems, a research firm.

Costs Up \$12 Million

The study showed that total roadside litter had decreased only 10.6 percent during the law's first year at a cost to industry and consumers of more than \$12 million in increased costs and lowered profits.

To put that \$12 million figure in perspective, the state's total annual budget for litter cleanup ranges from \$500,000 to \$600,000 a year!

Oregon's Law Fails to Sway Idaho Lawmakers

Oregon's much ballyhooed ban on non-returnable beverage containers hasn't sparked much enthusiasm across the border in neighboring Idaho.

An Associated Press survey of Idaho legislators finds 63 percent opposed to a bill patterned after the Oregon law and 37 percent in favor.

The survey reports that most of the lawmakers are critical of Oregon-type legislation because it puts the burden on the small retailer while not attacking the problem of total litter.

"Our solid waste problems are much, much greater than bottles and cans," said Herb Fitz, a state representative. "I would prefer to see more meaningful legislation that would involve the state and not require every grocer, service station and motel to become junk collectors."

Said Edith Miller Klein, a state senator, "The Oregon Legislature has not convinced me that such legislation is the answer to the problem of trash, particularly when it imposes inequitable burdens on a few industries and results in higher prices to consumers."

Midwest Seminar On Recycling For Public Officials

A one-day recycling seminar, sponsored by American Iron and Steel Institute, will be held in Cleveland on March 12 for local and state government officials, solid waste executives and consulting engineers. Product specifications and economic data for marketing ferrous metals reclaimed from municipal garbage will be covered.

The seminar, which is geared to the market situation in the midwest, will feature speakers from each of the industries that recycle reclaimed ferrous—mainly steel cans. Other speakers will deal with current concepts in resource recovery systems design and the use of garbage as an energy source.

Those interested in attending should contact:

Emanuel Strunin
Steel Products News Bureau
633 Third Avenue
New York, N.Y. 10017
212-697-5600

Cleveland Plans Recycling Plant

A new waste-to-energy facility that will magnetically recover an estimated 400 million steel cans annually should begin operation within the next three years in Cleveland, Ohio.

The city is now accepting bids for the construction and operation of a \$25 million facility which will process 1,500 tons of solid waste daily.

The city and the builder will share in the proceeds realized from the sale of reclaimed metals and glass. Combustible portions of the refuse will be burned to generate steam which will be used to power generators at the Municipal Light Plant. All steam generated will be used by the city.

OREGON LITTER

The last three surveys of littering by the Oregon Highway Division for June, July and August, 1974, showed that littering of beverage containers increased 127 percent over the previous year, with other litter increasing 6 percent. Overall litter is now growing at an alarming 9 percent rate. The final monthly litter pickup conducted in September, 1974, showed that 30,438 items had been littered on only 50 one-way mile highway sections (included were 1,352 beverage containers).

State litter surveys, which were begun a year prior to passage of the controversial Oregon "Bottle Bill" to measure the effects of the Oregon law, have now been abandoned by the State Highway Division, according to Governor Tom McCall's Administration Assistant for Environmental Affairs, Hal Brauner.

(In an earlier study done for the State of Oregon by Applied Decisions Systems, Inc., on the total effect of the Oregon "Bottle Bill," roadside litter showed an early decline during the first year of the law's operation. The decline--10.6 percent--was offset, however, by an increase in litter pickup costs of 10.7 percent.)

(The latest figures--cited in the first two paragraphs above--strongly suggest that the decrease was short-lived and the more recent 9 percent litter increase is greater than in most other areas of the country.)

STATE OF OREGON

THE GOVERNOR'S LITTER COMPOSITION SUMMARY

<u>LITTER MONTH</u>	<u>BEVERAGE CONTAINER* LITTER</u>	<u>OTHER LITTER</u>	<u>TOTAL LITTER</u>	<u>MILES *+ SAMPLED</u>	
June 1973	316	6,627	6,943	} A.D.S. p.I-47	25
July 1973	338	13,371	13,709		25
August 1973	<u>277</u>	<u>12,480</u>	<u>12,757</u>		<u>25</u>
Totals	931	32,478	33,409		75
Monthly Average Per Mile	12.4	433	445		
June 1974	443	8,113	8,561		24
July 1974	388	6,036	6,424		15
August 1974	<u>934</u>	<u>14,782</u>	<u>15,716</u>		<u>24</u>
Totals	1,770	28,931	30,701		63
Monthly Average Per Mile	28.09 per mile	459	487		
<u>CHANGE IN 1974 vs 1973</u>	<u>UP 127%</u>	<u>UP 6%</u>	<u>UP 9%</u>		

* Includes Returnable & Nonreturnable bottles and cans for soft drinks and beer (no paper it.

** Miles compared are from the same sites during 1973 and 1974.

Litter survey data fans bottle bill fuss

The effectiveness of Oregon's bottle bill in reducing roadside litter became an issue again Friday as claims by opponents brought sharp counterclaims from the governor's press aide.

The release reported that monthly state litter surveys, instituted before the bill became law to measure its effects, were discontinued in September. The release said beverage-container littering had increased.

The release stated: "The final monthly litter pickup conducted in September 1974 produced 30,438 littered items from 50 one-mile highway sections, including 1,352 beverage containers.

"The last three surveys of littering in June, July and August 1974 showed that littering with beverage containers increased 127 percent from the year before as other litter increased only 6 percent."

Gene Maudlin, press aide to Gov. Tom McCall, commented that the surveys have been stopped. He said they are no longer needed because the study that they are being used for had been completed. The study referred to was by Applied Decision Systems, Inc., whose findings sparked a controversy of their own when a report was released as

supporters of the bottle bill contended the report had faulty conclusions based on inaccurate data.

Maudlin termed the newest press release a smokescreen and added, "They're trying to make a failure out of a success."

He said that litter figures in his files do not agree with totals in the press release.

George Wagner, attorney

for the industry groups opposing the bottle bill, said he had obtained the figures from a report by the state Highway Division and that he believed the information indicated that beverage containers are making up an increasing percentage of roadside litter.

Both Maudlin and Wagner agreed that month-to-month fluctuations in the amount of

litter picked up posed problems in making any exact comparisons.

The effectiveness of the bottle bill — which requires a deposit on all beer and soft-drink containers sold in the state — is expected to be an issue in the next legislative session, which begins in January.

Supporters of the concept have said they will try to expand the law to cover some other types of containers, such as wine bottles.

Similar legislation to that enacted in Oregon also has sparked controversy in other states, and a national bottle bill has been introduced in Congress.

Wagner and Maudlin both agreed that the law has had some effect on reducing litter, but Wagner said he did not think the impact was as nearly as great as supporters of the law maintain.

Oregon City, Oregon
Enterprise-Courier
(Cir. D 8,153)

DEC 24 1974

Allen's P. C. B. Est. 1888

Litter survey out

PORTLAND — State litter surveys, which were begun a year prior to passage of the controversial Oregon "Bottle Bill" to measure the effects of the Oregon law, have been abandoned by the State Highway Division, according to Hal Brauner, Gov. Tom McCall's Administrative Assistant for Environmental Affairs.

The final monthly litter pickup conducted in September 1974, produced 30,438 littered items from 50 one-mile highway sections, including 1,352 beverage containers.

The last three surveys of littering in June, July and August, 1974 showed that littering with beverage containers increased 127 percent from the year before as other litter increased only six percent.

Oakland, Calif.

Phone
Area 415, 7451
Ext. 137, 7221
City 541, 218, 0941

DEC 26 1974

Allen's P. C. B. Est. 1888

Junction City, Oregon
Times
(Cir. W. 1,364)

DEC 26 1974

State litter surveys, which were begun a year prior to passage of the controversial Oregon "Bottle Bill" to measure the effects of the Oregon law, have been abandoned.

The final monthly litter pickup conducted in September 1974, produced 30,438 littered items from 50 one mile highway sections, including 1,352 beverage containers.

The last three surveys of littering in June, July and August, 1974 showed that littering with beverage containers increased 127 percent from the year before as other litter increased only 6 percent.

Everybody's Business

• Surveys to determine the effectiveness of Oregon's 'Bottle Bill' which requires that beverages be in returnable containers have been discontinued. Wonder whether the fact that the test on a 3 1/2 mile stretch of highway found beverage container litter up 127 per cent mattered?

McMinnville, Oregon
News-Register
(Cir. 2xW 6,016)

DEC 27 1974

Allen's P. C. B. Est. 1888

Whatchamacolumn

By JEB BLADINE

HERE'S A PIECE of litter information which doesn't quite make sense:

Hal Brauner, Governor McCall's administrative assistant for environmental affairs, reports that the state has abandoned litter surveys to measure the effects of Oregon's controversial "Bottle Bill." The final survey provides good reason for ending this practice, which began a year prior to passage of the Oregon law.

The final monthly litter pickup conducted in September, 1974 produced 30,438 littered items from 50 one-mile highway sections, including 1,352 beverage containers. Report from Brauner is that the three litter surveys in June, July and August of this year showed that littering with beverage containers increased 127 percent from the year before. Other litter, he said, increased only six percent.

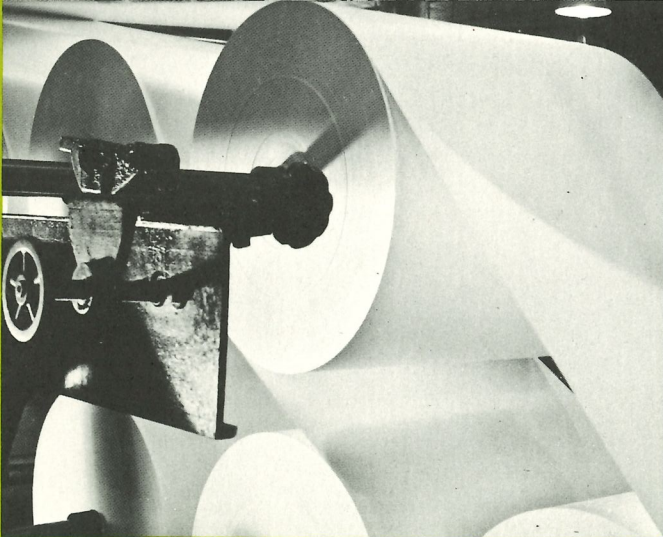
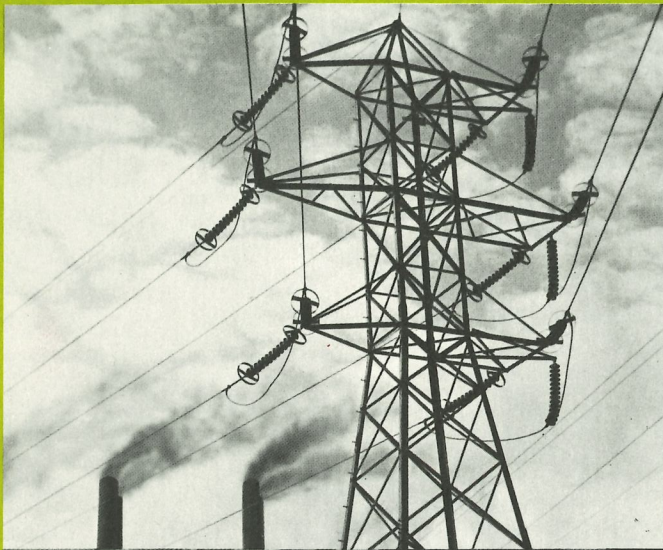
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exhibit



Americology

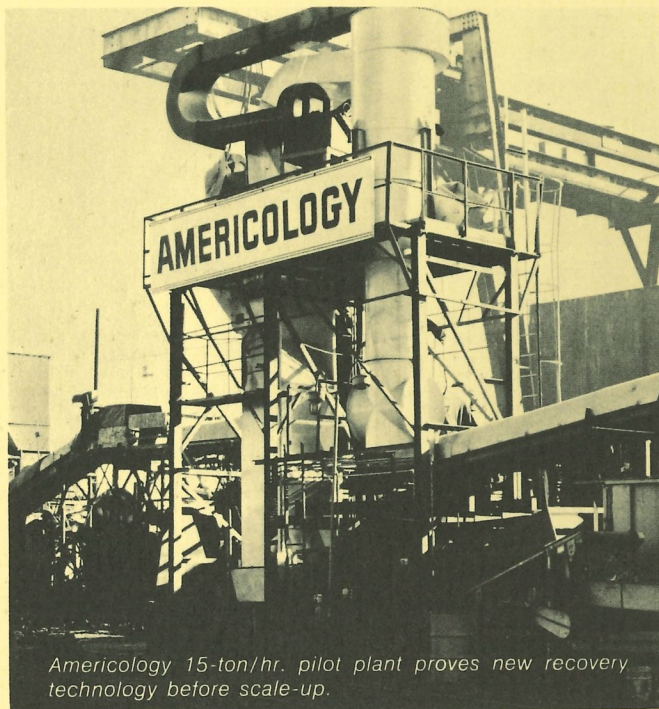
A resource recovery system by American Can Company

**A systems approach to recovery of
usable energy and marketable resources
from municipal solid waste**



The Americology System

Proven techniques, tested hardware,
guaranteed markets



Americology 15-ton/hr. pilot plant proves new recovery technology before scale-up.

A turn-key facility An Americology plant will be a complete, turn-key facility. Americology will handle design, engineering, procurement, construction, and testing, and turn over to the owner a plant fully ready for operation.

Proven components While the Americology concept of integrated recovery, recycling and remarketing is unique, the Americology system itself is composed of elements that have been thoroughly tested and proven in actual use. With only one exception — the air classifier at the heart of the system, which is an Americology proprietary design — every piece of equipment in an Americology plant is available on the market now. You get the assurance of *proven* reliability.

An expandable plant The basic Americology plant can process 500 tons of refuse per day — the output of a typical city of 150,000 to 200,000 people. And since it is modular in design, an Americology plant is easily expanded to a 1,000 ton per day capacity.

Adaptable to other refuse The Americology concept can be adapted to accommodate any existing recovery process. What's more, while an Americology plant is designed primarily to handle residential and commercial refuse, it can also be used to process oversized or bulky refuse.

Unique reclamation know-how When you deal with Americology you get the added security of working with an organization thoroughly experienced in reclaiming, recycling and remarketing valuable

resources. The Americology concept was built largely on the technical and marketing expertise of M & T Chemicals Inc., a subsidiary of American Can Company. M & T has been a leader in metals recovery for over 65 years.

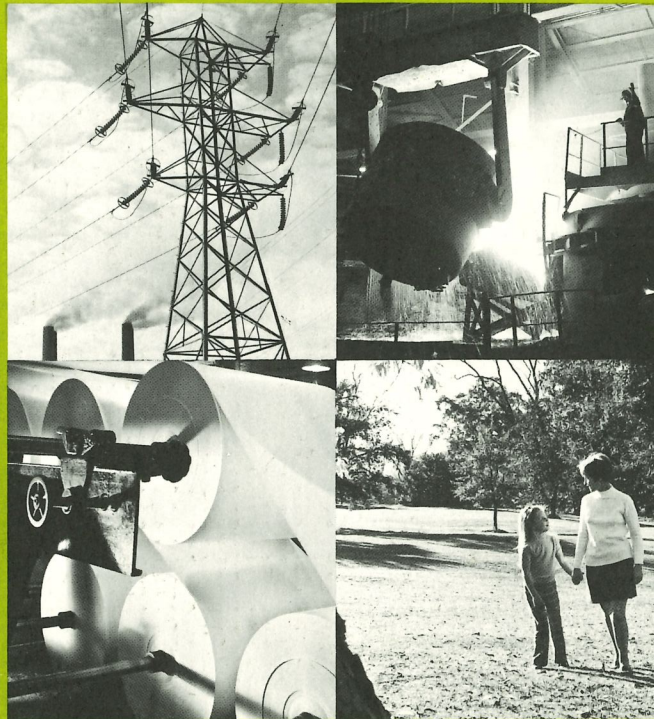
Americology system benefits to the user

- Offers highly combustible shredded garbage as a source of energy.
- Guarantees markets for the ferrous metal portion of the waste stream.
- Provides professional assistance in finding markets for paper, aluminum, glass.
- Provides on-going marketing and technical counsel.
- Reduces volume of any remaining residue to extend the life of landfill sites.
- Can handle 500 tons of refuse daily, easily expandable to 1000 tons.
- Process is totally enclosed, practically odorless, and dust-free.
- Requires only two acres of land, and a small operating crew.
- Adapts to existing and emerging recovery systems.
- Provides a complete, turn-key facility.

For more information For complete details on the benefits of Americology, please contact: Americology, American Lane, Greenwich, CT. 06830. Telephone: (203) 552-2000.

The Americology Concept

A step toward resource recovery and energy generation



Incredible as it may seem, the mountains of refuse produced by America's cities generally have been disposed of in the same manner used by the armies of Julius Caesar — open pit dumping and burning.

Obviously, these ancient methods, with their huge, ugly piles of garbage and polluting smoke, are totally unacceptable under today's environmental standards. They are equally unacceptable under today's economic standards, since they waste vast quantities of energy and resources that could — and should — be recovered and reused.

Americology, a division of the American Can Company, has developed a system to do just that — to recover discarded resources and recycle them to a marketable or reusable state. And to relieve the harried professionals in our country's municipalities of what sometimes seems to be an unsolvable problem.

The Americology difference Unlike other refuse disposal systems, however, the Americology system goes five important steps beyond simple recovery and recycling.

- **Americology will provide a guaranteed market** for recovered ferrous metals.
- **Americology will create a supplementary source** of much-needed energy. The high BTU-value of shredded garbage makes it an ideal fuel.
- **Americology will provide the expertise** of the American Can Company to help find markets for aluminum, glass and paper.

- **Americology will provide continuous marketing**, technical and management counsel to the municipality or private interest operating the plant. In addition to this on-going counsel, optional arrangements may be made for

Americology personnel to operate the plant.

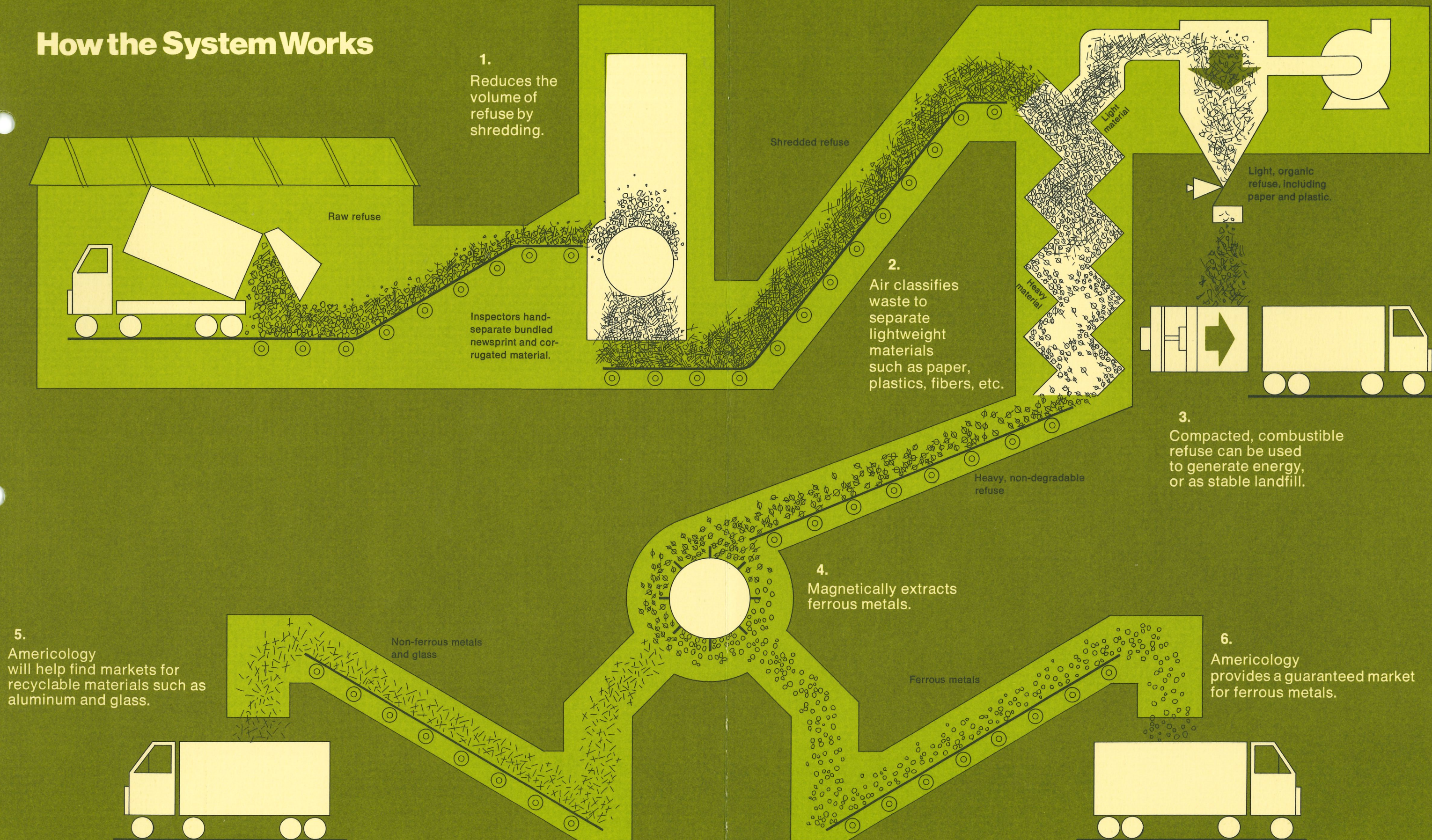
- **Americology will monitor** the quality of salable products and introduce new technology as it reaches commercial application. The result is a unique recovery-recycling-marketing system that will produce income, and can help a city defray a significant part of the once irretrievable cost of refuse disposal.

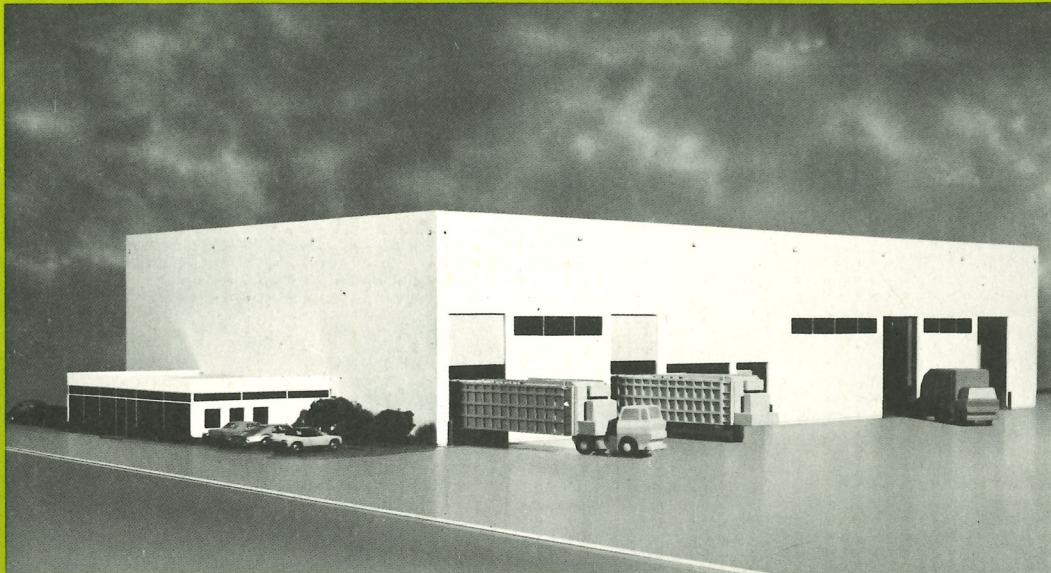
Making refuse usable An Americology facility will be a self-contained, totally enclosed plant requiring approximately two acres of land and able to process the refuse of a city of 150,000 to 200,000 people.

Employing a process that is virtually free of odor and dust, the Americology plant will successively extract from the refuse stream paper, plastics and other light weight materials; glass, aluminum and other non-ferrous metals; and ferrous metals. In the process it will produce a highly combustible residue which can be directed to energy recovery systems or other uses as local circumstances may require.

In short, an Americology installation will make much refuse salable, then will either guarantee markets or help to find them. It will make practically *all* refuse reusable.

How the System Works





Each Americology resource recovery plant is architecturally designed and landscaped so that it becomes an asset to the industrial community. In addition, careful engineering insures a dust-controlled, low-odor, low-noise operation that is acceptable even in environmentally sensitive areas.

Americology

A resource recovery system by American Can Company

American Lane, Greenwich, Connecticut 06830