
Committee Meeting

of

ASSEMBLY ENVIRONMENT AND SOLID WASTE COMMITTEE

Assembly Bill No. 121

(The "Smart Container Act")

LOCATION: Committee Room 9
State House Annex
Trenton, New Jersey

DATE: May 12, 2008
2:00 p.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman John F. McKeon, Chair
Assemblyman Reed Gusciora, Vice Chair
Assemblyman Peter J. Barnes III
Assemblyman Matthew W. Milam
Assemblywoman Valerie Vainieri Huttle
Assemblyman John E. Rooney
Assemblyman Daniel M. Van Pelt



ALSO PRESENT:

Carrie Anne Calvo-Hahn
Office of Legislative Services
Committee Aide

Kate McDonnell
Assembly Majority
Committee Aide

Thea M. Sheridan
Assembly Republican
Committee Aide

Meeting Recorded and Transcribed by
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(This is an excerpt from the Assembly Environment and Solid Waste Committee meeting of May 12, 2008, pertaining to the Assembly Bill No. 121.)

ASSEMBLYMAN JOHN F. McKEON (Chair): We're going to get right into the matter at hand.

Assemblywoman, I'm just going to give everybody--

Okay. We are now going to discuss the Smart Container Act. I'm going to defer on any personal comment other than to note that Assemblywoman Vainieri Huttle has been dogged in both her research, her determination, and her working among her colleagues regarding -- to something that she very much believes in.

And as much as-- We have very, very busy times in front of us, particularly this time of year, as we get closer to July 1. We're pleased to take some time to talk about this very important issue.

Assemblywoman.

ASSEMBLYWOMAN VAINIERI HUTTLE: Thank you, Mr. Chairman.

First of all, thank you for posting this on the agenda for discussion. Only, today certainly opens up the dialogue, and I'm anxious to listen to the concerns that we have on this important piece of legislation before us.

But I do want to thank the people who are here on their own time, on their own dime, who have traveled from quite a distance to testify. So I thank you very much for the support.

As we all know, mandatory recycling in New Jersey is in effect for decades. But unfortunately, rates in New Jersey have dropped to about 33 percent. And the increased use of plastic water bottles-- As many as 70 percent of these bottles do not get recycled. They end up in our landfills; they're in incinerators; clogging up our waterways, our streams, our parks, our beaches.

Eleven states right now have a deposit -- so-called *deposit bill*. These 11 states are enjoying recycling rates two to three times greater than New Jersey. Nearby New York, Delaware, Vermont, Connecticut, Massachusetts, and Maine have deposits, and so does Michigan.

This piece of legislation would require a \$0.10 deposit on all beverage containers. It would also go-- The unclaimed deposits would go into a fund, which I think -- especially in today's dire need of the budget -- I think it's a win-win for the State of New Jersey.

Seventy-five percent of the unclaimed deposits will go toward environmental projects and educational programs, and 25 percent would go to help small businesses. And this is where I feel there's a need to work with -- and there's a need to overcome the myths versus the facts.

A couple of myths -- and I just want to state some facts. Increased recycling means municipalities will save money by reduced tipping fees for trash. Deposits mean reduced government costs for container recycling, which would be done by retailers and redemption centers. I got a phone call already from California. They have redemption centers already set up in the states that have these deposits. This could help the small business owner. What it is, is a reverse vending machine. New Jersey could certainly lead the way with the best container recycling

bill in the country. Right now, as we speak, the national container recycling legislation is -- has been introduced in the House. New Jersey certainly can afford to have this bill.

As they say, a picture is worth a thousand words. No, this (indicating) is not my opponent -- some say I'd like to bury him in trash -- but this is a picture that was taken in Hackensack at a park cleanup. Just think of all of these bottles that do not get recycled. Think of the opportunity to fundraise for community outreach with Scouts, with environmental groups, with charities.

Someone said the other day at the dinner table, in the '40s there used to be a nickel on deposits. This was \$0.05 in 1940. We're talking about \$0.10 in 2008, 60 years later -- a small price to pay to help clean up the environment, to help New Jersey on the forefront--

I don't want to take up too much time, but I do want to say that if this-- This certainly is a step in the right direction for New Jersey, and I'd like to hear the testimony. I would like to work with any of the people who have concerns. And we will address these issues. And hopefully we will come up with a great bill to help the environment here in the state and put the Garden State back where it belongs.

And with that, Mr. Chairman, I would like to hear the testimony. And I thank you again for listening and opening up the discussion.

Thank you.

ASSEMBLYMAN McKEON: Thank you very much.

And for all my colleagues: Of course you're always welcome to ask witnesses questions, but if that's not necessary, then of course -- even

though this is not for action, I'm going to give us all a time to sum up, if you will, at the conclusion of today's testimony, as far as your thoughts -- having the opportunity to hear that.

As it has long been the priority of the Sierra Club, I'd like to give Mr. Jeff Tittel, along with David Yennior of the Club, the honor of being called first to talk about this potential--

J E F F T I T T E L: Well, thank you.

And I remember when it used to be \$0.02. And so I had this system where I could have-- Every nine bottles of soda I had I got a free one, and I kind of liked that as a kid. But that was quite a while ago. It was even better when I'd take them from my grandparents, and they'd give me their collectables too.

ASSEMBLYMAN McKEON: I forgot how old you were, Tittel.

MR. TITTEL: Yes, it's amazing.

I just wanted to start off and say that when you look at what happens in New Jersey every year with our throw-away society, we're trashing ourselves. And years ago, when other states were dumping in New Jersey, there was a State Senator who said we should change our name from the Garden State to the *Trash State*, because of New York City and Philadelphia trying to dump on us. Instead of them dumping on us, we're dumping on ourselves.

I just want to throw a couple of statistics out at you. Every year, the county prisoners in New Jersey go around and pick up more than 6 million pounds of bottles, and cans, and plastic bottles along our roadways. If it wasn't for them, New Jersey would be out of compliance in its Coastal Zone Management Plan, because we'd be choking up all our

waterways and all our storm drains. We're still choking up quite a bit. And if you go on the Passaic River, kayaking on any given day, you'll find that your path will sometimes be blocked by hundreds of feet of bottles that just collect near eddies and places where the moving water kind of stays for a bit.

If you look at Michigan-- In Michigan, people return 97.3 percent of their containers, or bottles and cans. In New Jersey, according to the most recent statistics, 50 percent of our aluminum gets returned and 30 percent of our plastic. A lot of counties, like Hunterdon County, don't even recycle plastics. I know that because I am there now.

So we believe that not only will this help create jobs and protect the environment, but it will be a good thing when it comes to global warming. And when you think about the amount of energy that it takes in plastic -- to make plastics, and the hydrocarbons that are involved, and the fact that this country throws away 80 billion water bottles a year with very few of them ever getting recycled, and you think about how much -- why the price of gasoline is where it's at, beside some of the other reasons -- that's part of it.

When you think about the amount of energy it takes to process aluminum-- Some of the studies-- The statistics show that it takes 20 times the energy to process aluminum to make cans from bauxite than it is from taking an aluminum can and just reprocessing it, and making a new can. And refilling bottles is the same way.

So when you think about the mining of sand and other things, not only does it save energy because we're recycling, but it also saves landfill space, which is one of the biggest sources of global warming and greenhouse

gases. It saves towns money from tipping fees at \$50, \$60 a ton. Soda bottles and that add up.

There's also another problem when you look at plastics, as they don't really break down -- the plastic -- but they will disintegrate into pieces. And one of the things that they've been finding in studies is that they've been killing sea mammals -- seals in particular -- with water bottles inside them. The pieces of plastic are being taken into birds' nests and being fed to the young, because some birds mistake them -- especially sea birds -- with fish eggs. And it's been killing pelicans at a very high rate. And there are a lot of studies on that.

So there are so many reasons why to do it and why this is the right thing. And from the business side, we get to repeal the litter tax, so they might like that. Just kidding.

And I just wanted to end with, this is not a tax. This is a deposit system. And by putting a bounty on trash, it makes sure our state will be cleaner and a lot greener. If some people want to say there's a tax involved, well I guess there's a tax on being a slob or being lazy, throwing soda bottles out of your windows or throwing your bottles into your trash. And those people should be taxed, because we believe in polluter-pay, and they're a polluter, and they cause a great harm to our environment from so many different ways.

So I hope you consider this bill. And we'd love to work to make sure this bill can happen in the next session.

ASSEMBLYMAN McKEON: Thank you, Mr. Tittel.

Mr. Yennior.

DAVID YENNOR: Mr. Chairman, this is a real honor to be here.

I'd like to compliment Assemblywoman Huttel for her leadership on this bill.

I'm the Recycling Issues Coordinator for the New Jersey Sierra, a volunteer, a retired probation officer from the State of New Jersey. And I first-- After my retirement, I first became aware of the floatables in the Passaic River, in particular, which is a particular problem because there's a highway that goes along next to it -- Route 21. And people do throw the bottles out -- particularly the water bottles, which are not covered in New York or most of the other states. And when it rains, the floatables go right over into the river, causing a big problem. So much so that a regatta was cancelled in the Fall, in Rutherford. They just had too much stuff out there. And the Passaic Valley Sewage Commission spends a lot of time and money cleaning up the river because of this problem.

So we really have a situation where throw-away beverage bottles and cans have become a big environmental problem for New Jersey's waterways and parks. And volunteer recycling, as Jeff said, is not working. The recycling rates are going down. And the Smart Container Act provides a real answer to the problem. It will actually, as said, increase recycling rates, supplement current municipal recycling, reduce the tax burden in municipalities with lower tipping fees.

I've gone to New York and looked at reverse vending machines. They're so simple. It makes it so easy for people to go to the entrance of the store, shove the bottles in, get a little ticket. You take it-- And even if you're not buying anything, you can get your money, or you can use it toward a purchase. It brings people back into the store.

Maine -- I went up to Maine on vacation in September. And beside the fact that it was so clean -- and I believe because they have deposits up there on containers -- more containers-- They do water bottles up there, and wine bottles. And you see people standing in the beginning of the stores shoving in the wine bottles. And you're like, "Wow, that guy really drinks a lot. But at least he's an environmentalist, because he's getting his money back." (laughter)

But interestingly--

ASSEMBLYMAN McKEON: Jeff, how many of those do you have to drink before you get one free? (laughter)

MR. TITTEL: I figured out if you do-- Two cases of Budweiser get you a six-pack. (laughter)

MR. YENNIOR: You could always buy Ripple.

In conclusion, this Legislature has a chance to look at a situation that they haven't looked at for over 20 years. I know they tried to put deposits -- back in the '80s. It failed. There was a lot of industry lobbying going on, and the industry won out.

Well, hopefully now, because of this Committee and this Legislature -- different climate -- maybe the environment can win out.

ASSEMBLYMAN McKEON: Sir, thank you very much.

Seeing no questions, I'm going to call the next up as a panel, Barbara McConnell, of the New Jersey Beverage Association; Kevin -- is it Diegly (indicating pronunciation)?

A S S E M B L Y W O M A N B A R B A R A W. M c C O N N E L L:
Dietly. (indicating pronunciation).

ASSEMBLYMAN McKEON: Dietly -- okay, thank you -- of Northbridge Environmental; Sandy Huber, from Clean Communities; and-- Do we have enough-- We just have two seats.

ASSEMBLYWOMAN McCONNELL: And Mitch Klein, with Krasdale.

ASSEMBLYMAN McKEON: Yes, I had Mitch.

ASSEMBLYWOMAN McCONNELL: Oh, I'm sorry.

ASSEMBLYMAN McKEON: I just didn't know if there was enough room for the four of you.

ASSEMBLYWOMAN McCONNELL: Should we testify, and then we'll get up and let the next two come up?

ASSEMBLYMAN McKEON: That would be fine.

ASSEMBLYWOMAN McCONNELL: Mr. Chairman, members of the Committee, my name is Barbara McConnell, and I feel like I have spent a lifetime talking about the bottle bill, tracking bottle bills, and looking at the 11 states across the country that do have a bottle bill.

We meet today to discuss Assemblywoman Vainieri Huttle's Smart Container legislation. And I hope the panel of speakers that we have assembled here can provide you with some compelling arguments as to why this legislation should not be passed, why it is not the solution to New Jersey's solid waste or litter clean-up problems, and why the two programs that we currently have in place are effective.

It was in the late 1970s and early 1980s when I was a member of the State Legislature. The environmental groups came to me asking me to sponsor a bottle bill. They provided me with some of the very same arguments that you heard today.

I did sponsor a bottle bill. And as the dialogue began, and I began to look at both sides of the issue, it became clear to me that a bottle bill was not an effective solution for New Jersey's serious solid waste dilemma and our shrinking landfills.

In the first place, a bottle bill would only address about 4 percent of the entire solid waste stream. It is one of the most expensive collection systems -- redemption systems in existence. A bottle bill imposes an unfair burden on retailers, and consumers, and especially the small businessperson. A bottle bill does nothing to spread that burden across the entire universe -- the homeowner, municipalities, counties, and individuals -- but rather places an unfair burden on the retailer and the consumer here. Nor are bottle bills an effective solution for litter.

So it became apparent to me that what we needed was a more comprehensive approach to our solid waste and to the litter issue. So we coalesced one of the most impressive coalitions that I've ever had the privilege to work with. It included members of the Legislature; it included members of the recycling community that existed at that time; and yes, indeed, it did include members of the retail food industry, the beverage industry; and also manufacturers of some of our materials, like the aluminum, glass, and plastics industry.

We came together in a sincere effort to determine what could be effective. And out of that deliberation came two programs that this Legislature enacted into law. One was the mandatory recycling program that's in existence today -- curbside recycling program, which requires municipalities to identify three materials or more for recycling. That program became a real leader in the nation. And in its early days, for the

first few years -- because there was some funding associated with it that would go back to municipalities and counties to help strengthen their infrastructure for education, for marketing, for helping to build up markets -- New Jersey was recycling at a rate of over 50 percent of their materials, higher than any other state in the country.

It wasn't until 2003, when that funding lapsed-- It wasn't repealed, it simply lapsed. And a lot of municipalities then simply did not have the resources to continue to do their collection, and our rates fell to a little over 33 percent. In spite of some testimony that has been given here-- Because I think sometimes, when you look at percentages, you're comparing apples and oranges. Thirty-three percent -- and you will hear from Kevin Dietly, who is a real expert on bottle bills across the states and this issue -- 33 percent that we're recycling now is higher than the national average.

The second prong to our approach-- So we put recycling into effect -- very effective. Other states looked at us -- looked to us as a model and a solution. And this came on the heels of New York passing a bottle bill. So New Jersey was under tremendous pressure at that time.

I'd also like to point out that there were several municipalities -- the city of Trenton, for instance -- that put this on the ballot, on referendum, to enact a bottle bill in their communities. It failed at the voter level 85 to 15 percent.

The second approach was, the environmentalists came to us and said, "Okay. The comprehensive recycling program sounds like a good idea. Let's give it a chance. But what are you going to do about litter?" So then industry came together-- And I resent remarks -- by saying that it was industry coalition that defeated it. If it hadn't been for industry coming

together, and really caring about the environment, and putting their money where their mouth was, we wouldn't have these two programs that we have in effect today.

It was industry that came together and said, "Litter is not just about bottles, and cans, and plastic water bottles. It's about a lot of other materials out there: cigarettes, and paper, and packaging, and that kind of thing." We did a litter survey. We identified 15 litter-generating products. Industry volunteered to impose a small tax on themselves at the manufacturing, distributors, wholesale, and retail levels. Today, that tax -- it's known as the Clean Communities Program -- is bringing in over \$15 million a year. The moneys go back to municipalities for pickup and removal of litter. You will hear from Sandy Huber in just a moment about the success of that program.

That's where we are today. And as you know, it was just this year that the Governor signed into law Assemblyman McKeon's and Senator Smith's Recycling Enhancement Act, which again will provide some resources back to municipalities and counties to reinvigorate their recycling programs. As Senator Smith said, "We are poised for a recycling renaissance. And we are hopeful that two years from now, we will see New Jersey as the nation's leader in recycling that it once was."

Members of the Committee, I urge you to -- let's continue to work with these two programs that are in place. We will come back. The State of New Jersey, this Legislature, the business community has worked long and hard to make these programs successful. We will continue to do it. We didn't just get out of a bottle bill and offer these two other

programs. We have continued to nurture, support financially, and to make a real commitment to continue to see these programs become successful.

If you enact a bottle bill, you'll be putting into place a dual system that will be costly and that will take needed revenues out of municipal recycling systems. And you'll hear more about that later.

I urge you to oppose this legislation.

Thank you.

ASSEMBLYMAN ROONEY: I have a question.

ASSEMBLYMAN McKEON: Sure, you can ask Ms. McConnell a question.

ASSEMBLYMAN ROONEY: Barbara, your number on the 4 percent -- that it would only eliminate 4 percent of the trash -- can you elaborate on that?

ASSEMBLYWOMAN McCONNELL: Four percent-- There's only about 4 percent of the solid waste that's contained in a bottle bill -- that comes under a bottle bill.

Is that correct, Kevin?

KEVIN DIETLY: Right.

By weight, the composition of the waste stream -- if you look at just municipal solid waste, beverage container materials, total, are about 4 percent of that by weight, about 5 percent by volume.

ASSEMBLYWOMAN McCONNELL: So you have a costly bottle bill and 96 percent of the solid waste that's not being addressed.

ASSEMBLYMAN ROONEY: Thank you.

ASSEMBLYMAN McKEON: Thank you very much.

MR. DIETLY: Thanks, Mr. Chairman.

ASSEMBLYMAN McKEON: Yes, please.

And in the same way we gave the Sierra Club a little deference knowing their depth of knowledge and passion, I did the same knowing Ms. McConnell as both a historian of all of this, as well as a wellspring.

So for everybody else--

ASSEMBLYMAN ROONEY: And a former legislator.

ASSEMBLYMAN McKEON: And a former member of the governing body.

If you -- all of you -- I don't mean to just pick on you. On a going-forward basis, I'm going to try to have you sum and limit it.

Thank you.

MR. DIETLY: I understand.

Thanks, Mr. Chairman, members of the Committee.

My name is Kevin Dietly. I'm a Principal at Northbridge Environmental Consultants, in Westford, Massachusetts. I'm an economist and have studied deposit laws and other solid waste programs around the country. My firm focuses on economic and financial analysis of environmental issues. So that's kind of my focus on this bill today.

I'd like to talk about a few basic issues that I'd like to highlight as far as the impact that deposit laws have in general; and understanding the fact that I make these observations as a result of research that I have conducted in deposit -- in every state in the U.S. So I would welcome questions and to explore further some of the issues.

I think the first thing that I'd like to emphasize is that deposit laws do have an adverse effect on the existing recycling programs that are out there. Once the infrastructure is in place in communities to recover

materials, communities become very dependent on revenue from beverage container materials in particular to keep those programs funded and viable. It happens that aluminum and PET beverage containers in particular are kind of the lifeblood of many of those programs. They represent a significant share of the revenues that those programs can make from recycling. Aluminum happens to be the most valuable commodity in the waste stream. By focusing a program like a deposit law on those most valuable commodities, you extract a lot of that value from the recycling system.

Now, communities are going to continue to recycle the same way they are now, even if there's a bottle bill. The same trucks need to go up and down the same streets, they need to visit all the same houses, and all the same processing infrastructure has to be in place. But what's been created is a second, duplicate infrastructure on the side to just handle the beverage containers. So there's no effect on communities' cost, but they're having the revenue taken away from them, because those beverage container materials are being run through a separate system.

If you just calculate the total amount of materials that's reported by DEP for being recovered in 2005 -- just based on the aluminum and plastic alone, it's about \$70 million in revenue that would be lost to communities that would be channeled over into the redemption system. So the undermining impact on existing recycling systems is a significant factor.

The second thing that Barbara mentioned is the impact on costs. And Mitch Klein will be up in a minute to talk a little bit about the operation of deposit systems. And we could sit here all afternoon and talk about the operation, and the function, and the logistics of deposits. And

I've been at all levels with it; so has Mitch. It's important to understand though that the operation and recycling mechanics of a deposit are very different than what you're accustomed to in a community recycling format.

At the household level, or the drop-off facility, you take commodities, you sort by commodities, or you put everything together and have it sorted later. And you're dealing with aluminum, glass, and plastic. When you're in a redemption environment, and you're at a store, you're putting aluminum cans in an aluminum can machine; or if you're at a counter at a small store that can't afford machines, you're handing individual bottles and cans over the counter to an individual standing back there and putting them into cardboard boxes and bags that have to be kept separate, sorted, and then picked up later by somebody else. It's a very different way of handling materials and commodities. It's a very labor-intensive way, it's a very space-intensive way, it's a very time-intensive way, and it turns out to be a very energy-intensive way, because there are a lot more people moving around, handling small amounts of material instead of handling it all at once, more efficiently, in the community setting. So the impact on operating costs is significant. It costs at least triple to recover materials through a bottle bill than it does through a curbside program. And that's just based, say, on the New York or Massachusetts kind of law, where only beer and soda containers are affected. If you consider the broader deposit laws, like Maine, where water bottles and juice are included, it costs much more than that. It's a much higher multiple because of the expense.

The third thing I want to talk about is the issue of revenue that the Chairman -- the sponsor spoke of. The notion that somehow, by

imposing deposits, the State can create windfall for itself, in terms of unclaimed deposits, is one that really needs to be looked at hard.

First of all, this bill has very high deposits -- \$0.10 deposit on smaller containers, \$0.20 on containers that are 24 ounces and above. Those are the highest deposits that will be in place in any state in the U.S. Michigan has a \$0.10 deposit. Michigan also has very high return rates because of that \$0.10 deposit. There are two reasons behind that.

The one important reason to understand about why Michigan has such a high return rate is the amount of fraudulent redemption that occurs. Michigan does not have a lot of border population. Toledo and South Bend is about as big as they get on their south border. They're fortunately protected by the Great Lakes.

But in research that has been done in southern Michigan, if you take apart one of those reverse vending machines, and you look at how many of the cans in those machines came from outside of Michigan, it's on the order of a third. So a lot of the return rate numbers that you see in a place like Michigan, or even in a place like the southern tier of New York, where it borders Pennsylvania, is coming from someplace else.

You set up a law in New Jersey with the highest deposit in the region, and a very populated border, and lots of opportunities for people to purchase containers outside of New Jersey to avoid the \$2.40 per case deposit, and then bring them back in New Jersey to earn a \$2.40 refund, you've got a pretty significant mechanism for fraud and a pretty good way of erasing any windfall money that might accrue to the state.

If you look at the experience of states in trying to reap windfalls from unclaimed deposits-- Maine thought that would be a good idea back

in 1990, when it expanded its bottle bill to include noncarbonated beverages. Within five years, they had to amend their bill to not take the unclaimed deposits, because they were in an overredeemed situation. They had distributors who were redeeming 150, 200, 250 percent of the containers they sold. So the existence of that money is really a fiction. That money isn't going to be there. It's going to be eroded by fraud.

Those are really, I think, the basic operating concerns that we have with the deposit system in general. There are a lot of unique features of this bill, there are some unprecedented features of this bill compared to other deposit laws in this country. But the impact on existing recycling programs, the expense, and the fraud are really ones that I would highlight.

Thank you very much. I appreciate the opportunity to testify.

ASSEMBLYMAN McKEON: Thank you very much, sir.

ASSEMBLYWOMAN VAINIERI HUTTLE: Through the Chair, if I may, just one comment on the fraud. The bottles here would be bar-coded and only be redeemed if they were New Jersey bought, New Jersey sold. And so that would be, hopefully, to combat the fraud.

MR. DIETLY: And if I might respond to that: The idea of the implication -- that is, every beverage container that would be sold in New Jersey would need to have a unique bar code on it that would indicate it was a New Jersey beverage -- which means that every beverage manufacturer literally in the world would need to produce beverage packaging for the state of Rhode Island. (*sic*) Maybe a way to control fraud--

ASSEMBLYWOMAN McCONNELL: State of New Jersey.

ASSEMBLYMAN McKEON: New Jersey.

MR. DIETLY: I'm sorry. The state of Rhode Island?

It's definitely a way to consider controlling fraud, but probably not something that's very practical, from an operating standpoint.

New Jersey is a good-size state. But whether a juice manufacturer that makes a small amount of product and sells some -- or maybe doesn't sell some in New Jersey -- is going to want to create a New Jersey-specific package is pretty difficult to imagine. And then consider the entire distribution and retail network out there. Wal-Mart is going to have to have a separate part in their warehouse for all their New Jersey packages. ShopRite is going to have a separate part for all their New Jersey packages, on down the line. It becomes rather impractical. And that only works if you're using a reverse vending machine to return a container. If you return it over the counter, or you're at a redemption center where there is no machine, the bar code doesn't scan. So the bar code is irrelevant to whether or not the container is redeemed. So I'm not sure that creates a practical solution to the fraud issue.

ASSEMBLYMAN McKEON: I can hear the radio now, Assemblywoman. You're taking away Coca-Cola from the entire state.

ASSEMBLYWOMAN VAINIERI HUTTLE: I'll hold my comments until after the testimony.

Thank you.

ASSEMBLYMAN McKEON: All right.

ASSEMBLYWOMAN McCONNELL: You have testimony you could--

MR. DIETLY: I will submit written testimony.

Yes, I have it.

ASSEMBLYMAN GUSCIORA: The \$70 million figure that you cite as a loss to the local municipalities -- is that a New Jersey figure?

MR. DIETLY: It is. I just took the most recent tonnage off the DEP Web site for aluminum and plastic containers, and adjusted the plastic containers number down to just include beverage.

ASSEMBLYMAN GUSCIORA: How much, over all, do the municipalities get from the recycling program?

MR. DIETLY: I don't have the answer to that. You probably-- I mean, I don't know that number exists.

ASSEMBLYMAN GUSCIORA: Well, are you extrapolating the 70 percent based on proportion estimated in the waste stream?

MR. DIETLY: No, the 70 million is just simply the market value of the commodities that were recovered in 2005 that are beverage container materials. As a percentage of how much total revenue communities make, I've seen research to suggest that it's anywhere from 30 to as much as 70 percent of the revenue that they make. It depends a lot on the communities. There are others today who, I think, can testify to specific counties or communities in New Jersey and how it will affect them. But again, the research that I've seen suggests it's anywhere from 30 to 70 percent of the revenue they earn on commodities.

ASSEMBLYMAN GUSCIORA: Is that part of your written testimony?

MR. DIETLY: It is. And also in my testimony, Assemblyman, is some information from recyclers in neighboring states where there have been discussions about expanding bottle bills to include, say, water bottles or other beverages. And they've quantified the impacts on their operating

revenues. The recycler in New York City, for example, estimated that they would lose about \$3.1 million a year if New York expanded its bottle bill. And they felt-- They pushed back on the city signing a long-term contract if the bottle bill were going to be expanded, because they said they were counting on that revenue to capitalize some of their investment. If that revenue was gone, it sort of changes the rules of their investment in the recycling system.

ASSEMBLYMAN GUSCIORA: If it's not part of your testimony, I'd appreciate it if you could supply us the background material on that 70 million.

MR. DIETLY: I will.

ASSEMBLYMAN GUSCIORA: Great.

ASSEMBLYMAN McKEON: Thank you both very much.

Seeing no other questions--

I don't know if it's Mr. Huber -- Sandy Huber -- Ms. Huber, and Mr. Klein.

Welcome to the two of you.

S A N D R A H U B E R: Thank you.

I'm deferring to the gentleman.

M I T C H K L E I N: Okay.

Good afternoon, Chairman, members of the Committee.

My name is Mitch Klein. I'm Vice President of Government Relations for Krasdale Foods. We service approximately 4,000 retail outlets in seven states. One of them is in New Jersey. While we are very much interested and concerned about the environment, we feel this bill falls far short of generating any revenue for the State. And with skyrocketing costs

on fuel and things like this, this will raise the price of juice products and things to consumers in New Jersey \$0.15 to \$0.30 per unit. That's exclusive of the deposit which, while you do get it back, it is an out-of-pocket--

ASSEMBLYMAN ROONEY: Can you turn off one of those? (referring to PA microphone) I think both of them are on. You're getting feedback. Can you turn one of them off?

MR. KLEIN: No.

ASSEMBLYMAN ROONEY: It's not on? Something is wrong.

MR. KLEIN: Maybe I talk to loud.

ASSEMBLYMAN ROONEY: That was you, Reed. You had yours on.

ASSEMBLYMAN GUSCIORA: No, I'm off.

ASSEMBLYMAN McKEON: Maybe it's me.

ASSEMBLYMAN ROONEY: Try again.

MR. KLEIN: The deposit still is an out-of-pocket expense at the time for the consumer when they leave the store. The deposit is also contrary to New Jersey WIC policy, which prohibits a WIC recipient to pay any type of deposit on products that come in and out of the stores.

I want to talk a little quickly about reverse vending machines. Reverse vending machines are basically machines that will read your bottles, but they work on a circular tumbler. If you open your refrigerator when you get home or walk into the food aisle, you will notice that there are a tremendous amount of bottles today that are square, octagon, rectangular. Those will not go through an RVM machine properly. They will not be able to be read.

Interestingly, New York -- which does have the bottle bill -- downstate, 98 percent of the stores that are in the bottle bill do not have RVM machines. They are manually read. People look at the bottles and judge from that point on.

The Smart Container concept of having a separate UPC will create a cost in New Jersey that will be unseen anywhere else. Every time you have a separate UPC for an item, it generates a separate slot in a warehouse. I am not the largest wholesaler in the country. But alone, I will have to have almost 400 separate slots in a warehouse, which will generate over 30,000 square feet of additional space needed. We all know what space costs -- 30,000 square feet of additional space to satisfy the State of New Jersey for a UPC smart code, which cannot be read unless you have an RVM machine, or if you give a clerk and a pad of paper with probably 10,000 UPCs. So when you bring your bottles, you can manually look them up. It would take you literally hours to redeem it. And for those stores who do have RVMs, I would have to first go to the RVM. And then when I was done with that -- my square bottles -- I would then have to have somebody look up those types of codes. From a cost containment, it is really an expensive issue to look at from that perspective.

New York, currently, overredeems 200 percent when it comes to bottles. Actually, people in New York would applaud this bill, because all the transhipped bottles currently that are coming from New Jersey into New York -- into the cities -- would now flow back into New Jersey. Because the people who are bringing the bottles in for a nickel now will reverse everything and bring it back into New Jersey for \$0.20. That is an

incredible amount of money. We have people who literally do nothing but bring bottles back and forth as a form of income.

If we take a look at the issue of sanitation -- and I looked at the picture before of all the bottles and things like that. The people who collect all these bottles don't clean them, don't wash them out, and bring them back into the store for a -- their deposit. You don't leave medical waste in an operating room. Why would you want us to put garbage in our supermarkets where our food is kept? These bags come in currently-- Right now, there are hundreds of bottles in a bag, and they're stored in a dark, dry, warm basement directly next to the fresh food supply that ultimately goes downstairs, up onto the shelf. I would challenge anyone in this room to take one of those bags, bring it home, ask your spouse if you could leave it in the pantry overnight. The answer would be no. But these stores would have to collect it. And again, in New York, we collect between 70 and 100 of them before they pick them up. There is no infrastructure in New Jersey for people to pick up these bottles. These bottles will sit in the store for approximately 21 days, which is where they sit in New York right now. The chance of infestation or contamination of your food product consistently would go up.

I did submit testimony. And as a matter of time I will stop, unless someone has some questions.

ASSEMBLYMAN McKEON: Thank you very much. We've heard another good piece of information for all of us in our evaluative process.

Ms. Huber.

MS. HUBER: Mr. Chairman, members of the Committee, I'm Sandy Huber, Executive Director of the New Jersey Clean Communities Council.

I am very proud to be here and to be able to represent the Clean Communities program in New Jersey. It's one of the most popular programs ever administered by the State of New Jersey. It's money the towns use, appropriately, for cleanups, enforcement, education; and it effectively reduces litter.

However, I will at this point talk about the program since the passage of the bill in 2002 and the funding of the Clean Communities Council. Clean Communities Council receives \$300,000 -- in the new bill, \$375,000 -- to carry out a program of public information and education.

In 2004, we conducted and released a litter survey. It was conducted by GBB consulting firm in Fairfax, Virginia, and the International Research Institute.

The findings were that a bottle bill is not an effective way to reduce litter in New Jersey. A visual litter survey means a crew of people -- men, women -- went out and counted litter on the streets of New Jersey. Over 21 percent of that litter counted was packaging, and only 9 percent bottles and cans. The Clean Communities program addresses all 15 categories and many forms of litter.

It also indicated that litter is found in our densely populated areas or urban areas. So in 2003-04, the Clean Communities Council set up an urban cleanup team project. And this was with a limited amount of money. We wanted to put some money into urban areas to promote urban education, to draw attention to the litter problem in a simple way. We

carry out at least one volunteer cleanup every year -- many cities, more than one, depending on the amount of money they receive -- garner the support of public officials, volunteers, partners, community organizations. Fifteen towns are part of the urban state -- urban cleanup team. And that includes cities such as Trenton, Newark, New Brunswick, Bayonne, Jersey City, Camden, Atlantic City, to name a few.

A real positive result of that project is our Kids for Clean Communities, Clean Teens program. We have marvelous education programs, not only in urban areas, but all over the state as a result of the Clean Communities funding.

ASSEMBLYMAN McKEON: May I ask you a question, Ms. Huber?

MS. HUBER: Yes.

ASSEMBLYMAN McKEON: I'm sorry. Are you presupposing that the Recycling Enhancement Act -- this bill will be further amended to take away the resources that are filtered to Clean Communities? I'm not quite understanding what you're--

MS. HUBER: I understand that there is a provision that is in this new proposed bill for Clean Communities. I'm not sure that the funding would be enough to handle the program.

ASSEMBLYMAN McKEON: Excuse me, if I can.

MS. HUBER: Go ahead, please.

ASSEMBLYMAN McKEON: Let me clarify this point, as it relates to the bill that's now been in effect for all of 30 days, give or take -- that provision is in the bill.

MS. HUBER: Right.

ASSEMBLYMAN McKEON: However, should this matter move for the sake of going through the process beyond the informational hearing today, the primary sponsor may be looking to amend it to preclude that change.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Mr. Chairman, there's also preemption language--

ASSEMBLYMAN McKEON: I'm sorry. I apologize.

Thank you.

I just want-- That, I think, is ultimately the intention.

So I appreciate your testimony. But I think we're all very mindful of the wonderful work Clean Communities does, as it relates to the recent passage of the Legislature to continue to send funding to enhance all of their efforts.

So could you wrap up your testimony, please?

MS. HUBER: I certainly will.

Again, just to conclude, thousands and thousands of volunteers are participating in the Clean Communities program. We address more than just bottles, and cans, and plastic. And we really feel this is a wonderful alternative to the bottle bill.

ASSEMBLYMAN McKEON: I appreciate it.

Thank you for your help with our special recycling program in my own community. I appreciate it.

MS. HUBER: Yes.

ASSEMBLYMAN McKEON: Okay, thank you.

Dave Pringle, from New Jersey Environmental Federation.

Hello, Dave. I haven't seen you for a long time. Where are you at?

And Mike Pisauro, from NJEL.

Mike, I haven't seen you for at least 10 minutes. (laughter)

DAVID PRINGLE: Thank you, Mr. Chairman.

I think I'm finally old now, because they say if you stay around long enough, you'll see the same things over and over again. And my first issue that I worked on, professionally, was the bottle bill back in 1988, for New Jersey PIRG. And Rob (indiscernible) was my boss -- and specifically the Mercer County Bottle Bill. We did -- Mercer County has a county executive, and so the people in Mercer County have the right to issue a referendum. And so we made an effort to get that done, and we did a bang-up job. We ended up not getting it done, but we were outspent 40 to 1, and it was remarkably close considering we were outspent 40 to 1.

And I hear the same arguments.

ASSEMBLYMAN McKEON: You sound like Hillary now. Come on.

MR. PRINGLE: There you go.

I'm hearing the same arguments now, and one I was going to make a joke about, but the previous witness just set me up for it.

The industry, in 1988, ran an add that said the bottle bill causes AIDS. That sounds funny, but we just heard that the bottle bill is going to cause disease. And I don't know about the rest of you, but I'm not aware of any epidemics going on in California, or Michigan, or New York, or Massachusetts. So I would ask the industry to back up that statement

with some kind of documented evidence of all the epidemics going on because of the bottle bill.

I was very disappointed to hear the Clean Communities Council raise issues with this. It doesn't have to be an either/or. The Clean Communities is a good law. I'm glad it's here. I'm very unhappy how it came to be, which was-- It was a brilliant move by the industry to prevent the bottle bill from happening. They're not mutually exclusive. They can, and should go hand in hand.

And there has been a lot of testimony today. I'd just like to leave it at that and say that the Environmental Federation -- which has spent as much, if not more, energy on solid waste issues over the last 20 years than any environmental group -- thinks the bottle bill is a very important piece of legislation. It's a very logical next step, in addition to Clean Communities, to address the solid waste issue in and of itself, but also given the global warming challenges that we face today.

Thank you.

ASSEMBLYMAN McKEON: David, thanks.

Michael.

M I C H A E L L. P I S A U R O JR., ESQ.: Thank you, Mr. Chairman.

Again, I'm here on behalf of the New Jersey Environmental Lobby. I'd like to help support this bill.

There have been multiple studies on the issue. I mean, we're looking at a recycling rate, overall, of 30-some percent here in the state, and we have to improve it. Getting 80, 90 percent of the bottles out of the waste stream-- That, in and of itself, is a worthwhile goal. It helps reduce

the need for energy in producing new bottles. Also, the Government accounting office -- or Accountability Office has indicated that those communities that both have a curbside program as well as the deposit bills are not finding that it is a detriment to the curbside program, but they work hand in hand.

So with that being said, again, I'd like to thank the sponsor. And I look forward to this bill becoming law.

Thank you.

ASSEMBLYMAN McKEON: Mike, thank you very much.

I need to just step out for a second.

But John Holub, of the New Jersey Retail Merchants Association; and Clark Martin, of the Beer Wholesalers Association of New Jersey.

Reed is just going to take over for a moment. I will be right back.

ASSEMBLYMAN ROONEY: Clark, did you bring any samples? We could use one right now.

CLARK MARTIN: My name is Clark Martin. I represent the Beer Wholesalers of New Jersey.

My client chose today to go to Washington, D.C. So if you're going to ask me how many cases of beer are sold in New Jersey, that's going to have to wait for the next hearing.

I was thinking as I was listening to all this that the most popular movie out this weekend is *Iron Man*. And if I have to take the message to the New Jersey working man that a case of beer is going to cost them \$2.40 more, plus whatever markup -- so you know there is a markup

of about 15 percent -- so the case of beer is going to cost at least \$2.50 or \$2.65 more, I hope you give me one of those *Iron Man* suits, seriously.

We just don't see how it works. We know where it starts. It starts with us giving the State of New Jersey \$2.40 a case, or \$1.20 a case, or \$3.00 a case, depending on how big the case is. So that's where it starts. How we get the money back-- You think we can mark it up and people will buy beer here instead of some other state? I don't know.

But we have grave concerns about this. And I will just stop there. I know that you do want to know some of the facts and figures of how many bottles we sell a year. And I will have that for you at the next--

ASSEMBLYMAN GUSCIORA: Thank you.

Mr. Holub.

J O H N H O L U B: Thank you, Mr. Vice Chair, members of the Committee.

My name is John Holub. I'm President of the New Jersey Retail Merchants Association.

My comments will be very brief. I think some of my colleagues have already made a lot of the points that I would have.

But I would just like to begin and thank the Assemblywoman. A few weeks ago we had an excellent meeting with you. And we do appreciate your offer to continue to work with us. I think you were very open to our concerns, and we do look forward to continuing to work with you on this very important issue.

But we do -- for the sake of informing the Committee -- we do have several concerns. The ones I just kind of want to highlight that maybe haven't been necessarily addressed are-- You know, first and foremost, this

will create a significant burden to retailers, mainly because it makes us garbage collectors or, probably more appropriate, recyclers. And there is a cost associated with creating infrastructure to collect, and to store, and to recycle these bottles.

As part of the Retail Merchants Association, we have one group under our umbrella -- the New Jersey Council of Chain Drug Stores. Pharmacies, I think, play an important and critical role in the health-care delivery system in the state. And granted, there might not be any documented health concerns of the storage of these bottles, but I think there is a potential for health problems and health concerns. And, quite frankly, I don't know if my pharmacies want to take that risk. We're in the health-care business, we're not in the recycling and garbage collection business. So I think the health issue is a very valid concern, and that should be considered.

Also too, there was one person who talked about how this is going to lower the cost to local and State governments. I know there have been some discussions about that. I don't think the cost of recycling disappears. I really think it's just being merely shifted to retailers. So I really think there's an unequal burden being placed squarely on the shoulders of retailers just simply because we sell this product and offer it to the consumers. So that is a concern.

Also, I think -- and hopefully Assemblyman Gusciora would agree with me. I think this bill is slightly inconsistent -- somewhat inconsistent with -- where I think the direction where we might be going with a lot of environmental policies in the State.

We worked very closely with the Assemblyman just this past year on electronic waste. And the model that was agreed upon by retailers, by the environmental community was a producer-responsibility model. That placed more responsibility on the person whose name was on the product. And a lot of the reasons-- There was an advanced recovery fee. And I believe that was rejected mainly because of the burden -- the unfair burden that was placed on the retailer to have to collect that fee and then remit it back to the State.

And so I think there are very similar parallels between the advanced recovery fee and a deposit bill. We'd have to collect the fee, we'd have to redeem it to people. So there is a significant cost associated with the retailers in doing that and being involved in that process.

Lastly, and just one kind of big-picture item I think I just want to touch on, is that I really think the bottom line of all this is that this is really, ultimately a consumer behavior aspect. I know in a perfect world, we could have tons of money, and educate the consumer, and everything would be recycled. But I think environmental awareness, I think we could all agree, is at an all-time high right now. It's cool to be green now, I think it's safe to say. And I think we need to capitalize on that. I think we have an existing structure, an existing mechanism in place. I'm not-- I would freely admit I'm not the most green person, but I'm pretty vigilant. Every other week I put my green can and blue can out behind my house, and I'm very vigilant recycling. And I think there's an opportunity here, specifically with the trash tax that was passed last year. There is some money available. I think we need to maybe focus our efforts on an existing structure that has already been created. We've got a couple of dollars to start working on it

and educating people to hopefully boost those recycling rates that weren't bad at one point. They've dropped considerably in recent years. But I think we can get back up to that. And I think we need to capitalize on the environmental awareness that's out there right now.

So with that, I'd be happy to answer any questions.

ASSEMBLYMAN GUSCIORA: No further questions.

Thank you very much Mr. Holub.

John, work on your greenness. (laughter)

I'd like to call up Betty McLaughlin, from the Container Recycling Institute; and Al DuBois, from Clifton, New Jersey.

B E T T Y M c L A U G H L I N: Good afternoon.

Is this on? (referring to PA microphone)

ASSEMBLYMAN GUSCIORA: If it's red, it's on.

MS. McLAUGHLIN: It's red; it's on.

My name is Betty McLaughlin, and I'm the Executive Director of the Container Recycling Institute. We are a small, nonprofit organization that was founded in Washington, D.C., back in 1991, and we're now located in Glastonbury, Connecticut, just outside of Hartford. We serve as the national clearinghouse for information about beverage container recycling and wasting. And we're submitting-- I have submitted written testimony, which I will summarize. And if people have questions, I'd be happy to answer them.

What we do is analyze beverage sales in the United States and then state by state, using information that is reported to the Beverage Marketing Corporation in New York City. And we index that information to U.S. Census data in order to get state-by-state information to be able to

determine beverage sales. And then we communicate with departments of conservation or environmental protection to determine recycling rates in the various states, to get a picture of what is available to be recycled through container deposit legislation or, frankly, any other method that might capture beverage containers.

It's a tremendous amount of waste and also a tremendous amount of valuable material, which is why we focus on beverage containers. It's aluminum, plastic, glass, all of which are highly recyclable and desirable by processors who want to put this material back into the marketplace for -- as recycled content for new products. So there's a real need to capture this material and to capture it, frankly, at a much higher rate than we're doing in the U.S. and here in New Jersey, as well.

We have done these beverage market data analyses. There's a copy of it in your -- in my testimony. It's the last page. This is the New Jersey-specific data, which I think you might find surprising -- that of the beverages that you're considering in this legislation -- we're talking about almost 6 billion containers that you could be capturing. And, again, your current rate of 33 percent -- you could be doing significantly more with your \$0.10 deposit.

In the 10 states that have a \$0.05 deposit, we see about a 66 to 70 percent return rate. And people have already said that in Michigan, it's well over 90 percent, fraud notwithstanding. It's still a significant return, much greater than anybody gets in any kind of a curbside program.

The other thing that's really important to remember about the curbside programs -- and this varies from place to place, and state to state. But in many cases, a curbside program is funded by taxpayers. And with a

container deposit system, it's obviously not funded by taxpayers, it's privately funded, which is good for the people who have to make tax policy and maybe have to raise taxes in order to continue to fund the program.

But it's also really important for processors and end users, again trying to keep that loop for getting the recycling really recycled and reused, as opposed to just collected and then maybe discarded elsewhere, because it isn't fit for being recycled after all.

But it's important for the processors who want to purchase this material to know that there's going to be this steady supply of material. It's important for them to be able to make infrastructure investment and to just make a business plan, to know that they're always going to have this material coming in. We know that municipalities, that have to juggle a lot of different services that they provide, are torn and oftentimes have to either curtail or suspend the recycling program. When you have the privately funded system, that's never going to happen. So you're always going to have this material coming in. And that's, again, very important for infrastructure investment.

I do have a bunch of numbers in my testimony, which I hope you'll take a look at. The important one for New Jersey, again, is that 6 billion unit number.

The second page of my testimony is a short summary of the growth in the beverage market that we've seen in the last few years. From 2000 to 2006 you see a tremendous jump there. And I think what that-- The reason this is included is just to demonstrate that we simply need to do a better job of capturing this material. We certainly need to do much better

than what we have been doing with just trying to rely on a curbside program.

I had the opportunity, last week, to sit on a panel at the National Solid Waste Management Association's waste expo in Chicago with a representative from the American Beverage Association, which is formerly the National Soft Drink Association. And in that presentation that was made last week, the representative mentioned that they estimate -- and I don't know how they estimate it -- but they estimate that two-thirds of the material that they put into the waste stream of their beverages are consumed at home, which means one-third is consumed away from home, which is why it is really important to have the beverage container deposit system, as opposed to trying to rely on curbside to capture all this. Because if you're not at home and near your curbside bin, you're not going to get your containers in there.

So looking at the national sales average, even if you take the two-thirds number -- which, again, I don't know where they got that from, but it's their own number -- you're talking about 75 billion containers, nationwide. So that's a tremendous number of containers that need to be captured with some other system other than relying on curbside. And, again, the container deposit system will do that for you, because people have the incentive to bring it home -- or if you get it to a recycling center, back to a retailer. Because it has that nickel or dime associated with it. And it's not trash. That's part of the reason that we want to have the deposit associated right with the container itself -- to send the message to people that this isn't trash. It's valuable material that needs to be captured and recycled.

Again, we need to be thinking about this in a 21st century way. This is not about-- It does avoid landfill space, and it keeps the streets clean, and so forth. But it's about much more than that. This is really a system for providing manufacturing with raw materials.

And so the notion that it's trash or dirty in some way is something that we need to dispel. We need to get customers and consumers to stop thinking that way and to start thinking about it in terms of resupplying the manufacturing base with raw materials and commodity-grade raw materials. And you get that when you keep your materials separated, not commingled at the curbside, and available for processors to purchase clean material that they can then reuse.

Again, very important for climate change and energy consumption. It takes 95 percent less energy to make an aluminum can out of a recycled can than from virgin materials. That's a significant, significant gain for climate change.

I can tell that my clock is ticking, so I want to make sure that I cover the things that I want to.

Again, I don't want to get too much into the litter problem, because a lot of people have already spoken about it. But again, that \$0.05 incentive is truly enough to make some people decide not to throw it away at all. And it's certainly enough for somebody else to come pick it up. So it's not designed to cover all the litter problems, it just addresses the beverage container litter. But it does it in a very good way. We find that in states where they have container deposits, the only bottles and cans that stay on the street any length of time are the ones that don't have deposits.

You will hear a lot about costs. And it's very difficult to get into all of the costs, especially in five minutes or less. But I would urge you to take a look at the -- what is referred to by the industry and recyclers as the *BEAR report*. It's a report that was done in 2002. It's about beverage container recycling. And it was a cost assessment -- kind of a value chain assessment of all the different aspects of beverage container recycling. It was Businesses and Environmentalists Allied for Recycling. Coca-Cola and some other big material processors, and environmentalists, and a whole host of people worked on this for a number of years. And there are a lot of cost numbers in there.

What they basically found was, for -- I think it's one-and-a-half cents more per six-pack, you could recycle two-and-a-half times the material if you use container deposit legislation and the reverse vending machines. So it really is a very effective way to recycle a tremendous amount of material that we really do need to recycle.

So I will just leave you with the final thought that this container deposit legislation does ensure that very high participation rates -- 70 to 90 percent. It generates a very high-quality material, which is what the processors want, and it does it at no cost at all to taxpayers.

Thank you.

ASSEMBLYMAN McKEON: Thank you very much, Ms. McLaughlin.

Mr. DuBois.

ALFRED J. DuBOIS JR.: Good afternoon.

I'd like to thank everyone for inviting me here today, especially the Assemblywoman and her legislation, which I totally believe in.

My name is Al DuBois. I'm with the City of Clifton -- Recycling and Clean Communities Coordinator.

I don't know if Sandy is still here, but Sandy has recognized our program probably 10 years out of the 20 years Clean Communities has been in existence. The United States EPA has recognized our program for the past 10 years also. And I--

They asked for 20 handouts, and I gave everyone this document that was produced by the EPA 10 years ago -- as Clifton being one of 18 model communities in the nation for collecting materials. Since that time, we have been a model community for waste prevention, reusability, refillability. We get awards each and every year in Washington for our source reduction programs. I just wanted to make that point so we have an understanding that I've worked with colleagues here on both ends. And it's very difficult to try to take sides here on such important issues.

But Clifton has the track record, and Clifton has the facts. We need a bottle bill. Not only do we need a bottle bill, but we need to go further in time. We're getting more bottles that will be refillable and reusable in the supermarkets.

Right now, ShopRite has a section in the store where you can refill your water bottle. You come in and you pay \$1.09 for the first bottle. And when you bring it back, you pay \$0.39. That is the way to go. You've eliminated the need for the ongoing, single-serve containers that get out there, and are collected, and then recycled.

Now, 20 years ago we passed a law stating that recycling was necessary, and it was going to solve all our problems. A year ago the State came out and stated clearly in their own document -- the Solid Waste

Management Amendment Plan -- that from the disposal capacity crisis of the mid-1980s, the dissolution of regulatory flow control of the mid-1990s, and the failing recycling rates over the past several years-- So it's clear that DEP has stated that 20 years of mandatory recycling has failed. That's a fact. So let's thank the Assemblywoman here for trying to present something that we need as a step in the right direction.

Not only has recycling failed, but recycling is not a panacea, because recycling takes energy. If we all watched Al Gore's movie -- and his Nobel Peace Prize on the environment -- it takes energy -- a lot of energy to recycle. And if we keep utilizing single-stream containers, we're going to utilize a lot of energy. We're not going to have much of an impact on climate change or global greenhouse gas emissions. That's a fact. So the bottle bill is a step in the right direction on how to collect these materials and utilize them properly.

I've heard a lot of different things today, so I'll try to comment on some of them as best I can. Recycling is costly. I run a program. As I said, Clifton has been recognized for years. We receive \$450,000 to \$500,000 a year in revenues from the sale of recyclable materials -- source-separated recyclables. We market everything as a commodity -- glass separated by color.

Most of the state collects glass commingled. In those -- in collection of that glass commingled, that glass goes to certain processors. That glass is kept commingled because it cannot be separated, and it cannot be recycled. It is crushed and is mostly utilized as landfill cover. So we're not recycling any of that glass. Sometimes they'll use it for glassphalt, and sometimes they'll try some other experiments in utilizing it for drainage

ditches or some other means. But primarily, if you go to the facilities that I went to -- some of the big facilities -- it's used as landfill cover. So we're not recycling. Yet, the documentation shows that we're recycling. It's claimed as a beneficial reuse, it gets tonnage credits, and it's even utilized in the numbers that they're stating as far as reducing our greenhouse gas emissions. So we're not doing any of that.

ASSEMBLYMAN McKEON: Mr. DuBois, I appreciate the-- I've heard of your program. You're a great example of a wonderful public official. But I'd like you just to do your best to wrap up now. I'm going to lose a lot of my Committee members shortly.

MR. DuBOIS: You would like me to wrap up?

ASSEMBLYMAN McKEON: If you could. I've got two more witnesses.

MR. DuBOIS: Have I expended my time?

ASSEMBLYMAN McKEON: That would be yes. (laughter)

MR. DuBOIS: All right.

ASSEMBLYMAN McKEON: Take another two minutes.

MR. YENNIOR: (speaking from audience) Industry officials got many more minutes.

ASSEMBLYMAN McKEON: Sir, if you're going to be spoken to, then please be recognized by the Chair. Don't do that again.

MR. DuBOIS: All right. I just ask that you recognize that we have a track record, that the facts are there, that we probably need additional serious dialogue among everyone here for further understanding.

However, for environmental reasons, the bottle bill is the way to go, as the next step. And not only is the bottle bill -- but we need to go

beyond the bottle bill to refillables. The DEP has clearly stated for 20 years it's a failure. As Clean Communities Coordinator, there's a tremendous amount of litter still in certain locations. It's gotten a little better. However, the litter does consist of bottles and cans. In order to control that, we need a system to build on.

And just to quote DEP -- and this is in the forward. They have stated in the forward -- not only did they state that it failed, but they also later on state that the plan -- solid waste management -- is designed to be a living document.

And I think we should look at that. That will prompt additional dialogue and development of additional initiatives to enhance solid waste management and recycling opportunities in the state. I think the Assemblywoman has done that. I think we need to build on that as best we can.

Thank you.

ASSEMBLYMAN McKEON: Thanks.

And, again, you have a nice reputation. I hear good things about the programs in Clifton all the time.

MR. DuBOIS: Thank you.

ASSEMBLYMAN McKEON: Thanks for coming here, sir.

Two more witnesses, Mr. DeFeo and Mr. Brill.

And for the gentleman from the Sierra Club, I didn't mean to give you a hard time. But at the end of the day, it's not a matter of quantity, it's a matter of quality. So hopefully give us some credit to siphon through some of that.

WAYNE DeFeo: Good afternoon, Mr. Chairman.

ASSEMBLYMAN McKEON: Speaking of all kinds of quantity, here's DeFeo now.

MR. DeFEO: I'm going to be brief, I promise. And I even cut out Mr. Brill in the spirit of being brief. I've eliminated him from our testimony.

ASSEMBLYMAN McKEON: Thank you.

MR. DeFEO: Not personally, just generally.

I'm here today representing the Association of New Jersey Recyclers. We are the only statewide organization committed to recycling improvement throughout New Jersey.

To be very, very brief, first and foremost, let's talk a little bit about the bottle bill and what it means. The bottle bill will go after the most valuable commodities in the recycling stream. Aluminum -- in one of our counties that I work with to enhance their program -- amounts to about 1 percent, 1.5 percent by weight of all the recyclables, but 18 to 20 percent of all the revenue. You go after that at a rate of 90 percent, think of the impact.

What does that mean? A huge cost to taxpayers. We don't eliminate the curbside program, we don't eliminate the drop-off center, we add a third program. I'm schooled as an environmental scientist, but I've learned to become an economist. If I add more programs to do the same job, I add cost. It's a simple enough field. Or I compete-- When I compete for the same dollar, I add cost.

So a bottle bill's impact: negative on the economy, negative to the taxpayer, negative to municipal budgets.

Additionally, both the Clean Communities Act and the bill that we worked so long and hard on to pass -- the Recycling Enhancement Act -- have drop-dead provisions. If this bill is to go forward and pass, all that tax money is lost. And that tax money is assessed against generators of solid waste and litter-generating products. It seems to me if we want to disincentivize -- is that the right word? -- the generators of solid waste and litter, we make it more expensive. We've done that. After -- I hate to think -- how many hours we sat in committee working on that.

We talk a little bit -- and briefly talk about emissions and greenhouse gases. The bottle bill, as it's designed here today, will increase greenhouse gas emissions simply because it requires another infrastructure. More infrastructure means more miles traveled, more miles traveled means more emissions. It's a negative bill to the environment.

You heard some comment on take-away bottles. In programs I've worked on now throughout the country -- especially at universities in New Jersey and New York, also at public schools in New Jersey, and in State buildings I might add -- we have more than doubled the rate of recycling, not through a bottle bill. We put out recycling containers and simply made it convenient to recycle. A bottle bill is a step backward three decades.

Recycling, today, is moving toward making it easier to recycle. Some of you probably live in communities with what we call *single stream*, meaning put cans, bottles, and paper together. The more we make a program easy for people to engage in, the more likely they are to engage in the program.

So what do we want to do? This bill would take us backward; and force people, and force manufacturers, and force business providers, and, most importantly, the consumer to pay a third tax -- possibly -- to increase road miles, to increase effort. And I hate to say, we are not a society that likes to increase effort, but we are a society that does not like increases in our effort.

After three decades of moving toward making recycling easy for people to engage in, and simple, this is a huge step backward for you to consider.

And lastly, I will again only comment one more time -- because I know it's late. There are markets for glass today. We currently have a market at \$72 a ton in one of my programs that I'm working with. So markets for glass have increased. And in terms of the take-away and PET bottles-- Everyone is worried about water bottles. One of the programs we worked on -- a mechanic in the shop, through an investment of \$150,000 capital, is generating over \$10,000 a month in revenue for the program. That's a pretty good return on investment. I'd take that any day of the week.

Thank you very much for your time. I'm open to any questions.

ASSEMBLYMAN McKEON: Mr. DeFeo, thank you.

I'm going to--

ASSEMBLYMAN ROONEY: Yes, quick question.

Aluminum and-- How much are you getting for aluminum per pound?

MR. DeFEO: Aluminum, right now, is upwards of \$0.70 a pound.

ASSEMBLYMAN ROONEY: Because Reed Gusciora had a question earlier. I think this is the right person to ask. Thirty cents a pound?

MR. DeFEO: Seventy.

ASSEMBLYMAN ROONEY: Seventy cents a pound.

Thank you.

MR. DeFEO: All time high.

ASSEMBLYMAN McKEON: Are you good, John? (affirmative response)

Mr. DeFeo, thank you.

Thanks very much to all of the witnesses. We, I know, all collectively found you incredibly knowledgeable and compelling in both your passion, as well as your knowledge on the subject.

I can speak personally to note that I'm leaving with seven or eight inches of documents from all of the testimony, some of which were summarized. But we'll get a chance to review it again. This is one of those topics where certainly you're going to be able to get through all this.

ASSEMBLYMAN ROONEY: Couple comments.

ASSEMBLYMAN McKEON: I can see you waving there, John.

ASSEMBLYMAN ROONEY: I know.

ASSEMBLYMAN McKEON: As I promised everybody-- I'm going to start with the sponsor -- will give us all a chance to sum up ourselves as to our thoughts at this point. We don't have any date specific to relist this on Committee for action, but rather we're going to take this all

in again, to our value, to process and see where we go with this particular piece of legislation.

Again, Assemblywoman, with my great compliments--

ASSEMBLYWOMAN VAINIERI HUTTLE: If I may yield to my colleagues first-- So I will listen to their sentiments first.

ASSEMBLYMAN McKEON: You want to go last?

ASSEMBLYWOMAN VAINIERI HUTTLE: Thank you.

ASSEMBLYMAN McKEON: Okay. That would be fine.

Assemblyman Van Pelt, if you would like to be heard.

ASSEMBLYMAN VAN PELT: Sure, Chairman.

I will keep my remarks brief. And as I digest the information in the testimony, the only concern that I would have on its face value is, while I appreciate the intent of the legislation, I think any time -- especially in this day and age, where you're advocating the role of government, when we can't manage the government we already have effectively, I have concerns with.

That's it. Thank you.

ASSEMBLYMAN McKEON: Thank you very much, Assemblyman.

Assemblyman Rooney.

ASSEMBLYMAN ROONEY: Thank you.

Mine won't be as brief.

There are some questions I have about the bill, and they're rhetorical, so you don't have to answer right now.

There are two questions -- whether it's *R* or *R*. Is this bill for revenue, or is it for recycling. For revenue, I don't think it's going to

accomplish what you're asking it to do for the simple reason, if people-- In my town, in my district, people are not going to pay this. You know exactly where I live, four blocks from my house is the Rockland County line. When you're looking--

I looked at your picture, and I noticed in that picture, most of those bottles -- over half of those bottles are water bottles. And in New York, it's not a deposit item. So people who are buying water bottles are still going to go up to New York and buy it there and possibly throw it on the road.

The other problem that you have is that \$0.10 on a container and \$0.20 on a container basically will force people in my district to go across the border, again. You are going to devastate the businesses, whether they be the ShopRites in my own town, or whether they be the small mom and pop shops. They're going to lose all of the revenue and all of the business from people coming into their stores. Because a nickel a bottle or nothing a bottle, versus \$0.10 and \$0.20 bottle is -- it's a no-brainer. People are going to go to New York and purchase that. So I have a specific problem in my district.

What we're really looking at is the 35 percent recycling that you claimed earlier. There's one way to increase that. You've got to enforce the recycling laws in New Jersey. I think we've talked about my *shake and take* bill. The shake and take basically says that if the garbage man comes to your house to pick up garbage -- and they're usually in those closed, black, plastic bags -- I know they are at my house. He grabs it-- And he usually grabs it and throws it in the truck. He shakes it -- in my town, that's in the contract. He shakes it. If he hears bottles, or if he hears

aluminum cans, or if he even sees the outline of a plastic bottle, he leaves it. If he sees paper, if he sees grass, he leaves it. And the person calls up the borough hall and says, "Hey, why didn't they pick up my garbage?" And at my borough hall, they have a script. "Well, do you have this, this, this, this, or this in your garbage?" And the person says yes. And they say, "Well, you're not going to get it picked up until you take those items out." If you do that, there's only one time that person has to call the borough hall to ask about their garbage being picked up. They learn. They learn by experience. So that's the way to enforce it.

The other thing is that, there are a lot of cameras out there on lampposts today. Why aren't we looking at the cameras and looking for the people who are throwing these things by the side of the road? If it's coming out of a car, they can take a car and actually see the license plate -- that they went through a red light, or they were speeding, or something like that. Why don't we enforce the laws on littering? That's what we have to do. These are the kinds of things that we need to do to increase recycling and to stop people from littering.

Barbara McConnell had sponsored that bill.

Well, Barbara, you and I are similar. Because when I was Chairman of the Solid Waste Committee, I sponsored the bill too. And I saw that this wouldn't work. It devastates small businesses. They don't have the ability to take these bottles back. So I've got major, major problems.

I believe in the environment. But the way to increase recycling is get it at the source. Make sure that people are recycling at the source.

Another interesting thing, for the person from the Recycling Council. Somebody said soft drinks recycled -- two-thirds of them are home, one-third is away. I'd be happy if we could get two-thirds of those. Those are soft drinks. Hard drinks, on the other hand, are basically consumed at home, or consumed in restaurants, or bars, or whatever. That's a fact. So that's 100 percent that can be recycled. Recycling is easy if you push people.

And somebody also said people are lazy. I think it was Wayne. They're lazy. They don't like to have it difficult. Well, it's not going to be difficult. The thing is, force them into doing it, make it-- And I know from my experience as Mayor, when you're looking at aluminum at \$0.70 a pound, when you're looking at \$72 a ton, it's very beneficial to the municipality to get that. You're going to be taking that away from the municipalities. The ones who are doing a good job are now going to lose that revenue.

So I think that this is the wrong idea. It was wrong when Barbara McConnell sponsored it, it was wrong when I sponsored it. And, Ms. Huttle -- we're friends, I hope. And it's wrong when you're sponsoring it. This is not the way to go. Let's go with a better plan for recycling.

Thank you.

ASSEMBLYMAN McKEON: Thank you, Assemblyman.

Assemblyman Reed.

ASSEMBLYMAN GUSCIORA: I don't think there's any question that this bill will help clean a litter problem. But the question that remains in my mind is whether this hinders or helps, whether it augments

the recycling -- existing programs. And that's the one question I need to resolve.

ASSEMBLYMAN McKEON: Assemblyman Barnes.

ASSEMBLYMAN BARNES: No comments or questions, sir.

ASSEMBLYMAN McKEON: Thank you.

Matt.

ASSEMBLYMAN MILAM: No comments.

ASSEMBLYMAN McKEON: And now, with no further ado.

ASSEMBLYWOMAN VAINIERI HUTTLE: Do you have any comments?

ASSEMBLYMAN McKEON: I'll finish. How about that?

ASSEMBLYWOMAN VAINIERI HUTTLE: Thank you, Chairman.

First of all, I just want to clarify, it's \$0.10, not \$0.20. There will be an amendment that will be less complicated. It will be \$0.10 on all beverages.

And secondly, the shake and take system-- I think Mr. Rooney's shake and take system-- I don't know how you implement this going door to door. I think it takes much more personnel power to do that, much more time.

But aside from that, I just want to go over the actual funds of the unclaimed deposits, which is quite an incentive for the State of New Jersey to look at in this state today. We're looking at either \$40 million to \$50 million in unclaimed deposits. This is statistically proven if you take Michigan at \$27 million and New York at \$80 million. And when you said New York doesn't have plastics, that's the incentive here, of the additional

incentive, when we do recycle the plastics. Plastics, with the increase of water consumption here in New Jersey, is clogging up of the waterways, and the pathways, and the parks, and so on.

And I do respect, from 1988 -- and everything that was done in the '80s. But the difference is 20-somewhat years now, today, presently. I think there's much more awareness, there's much more opportunity for green jobs, and as we heard from Sarah -- I'm sorry, from Betsy -- there's also the aluminums and the taking of the recycling -- the aluminums -- and how influential, and how important it is -- of taking that back into the state to recycle that.

With all that's being said, we're still looking at reducing tipping fees when it comes to municipalities. We didn't talk about the cost in reduction because they're not taking as much excess trash into the incinerator or landfills.

So I listened to both sides. I really haven't heard solutions, though, from the other side. And I'm looking forward to working with all sides to come up with a compromise and come up with solutions. Because we both -- we all agree that recycling is down, and we need a way to enhance our recycling. So, right now, this is a great step to solve that problem.

And I appreciate the opportunity and the dialogue, Mr. Chairman.

Thank you.

ASSEMBLYMAN McKEON: Thank you very much.

And, again, I compliment you very much on all of your hard work and continued efforts as it relates to increasing recycling.

Just one or two general comments I have. One is that, with the Recycling Enhancement Act just having been passed and literally being in effect just for several weeks now-- Although I don't speak for Senator Smith, I can assure you -- who is my colleague as the principal sponsor on the Senate side -- and I on the Assembly side -- having worked long and hard to get to that point, there's nothing that I would move forward out of this Committee that would not give that a chance to move forward and see if it could accomplish much of what we thought that it would in advancing it for a long time. So that's first and foremost.

Second, as it relates to what my colleague, the Assemblywoman, just stated: Notwithstanding whatever good things will happen from the Recycling Enhancement Act, and that extra money for enforcement and for education, that's just part of the solution. And this is the first person -- albeit with an old idea, if you will -- or one that was -- or a recycled idea, no pun intended -- the only one I've thus far heard that might be a way to effectively address supplementing it to get us to the point of, not only to remove the tonnage from the solid waste stream -- I would agree that it's not a lot of pounds, per se, just by the nature of the composite -- but to get them out of the parks, to get them out of our estuaries, and rivers, and oceans; and leading to all the environmental and biological hazards that come along with that, that just maybe defy monetary quantification--

So I think that it's a very good idea to vet this and to talk about it. Because we certainly need to do more than we're doing now. And to all of those from the industry who were very learned in what they had to say, we're challenging you. If you don't want to be told what to do, tell us what

we can do to make up the difference. We're looking forward to hearing from your input.

And to those in the environmental community -- understanding that we need to -- the future is now-- In that regard, we're challenged to move sooner than later to continue to supplement our efforts to enhance recycling.

Thank you, everybody, for all your time.

This meeting is adjourned.

(MEETING CONCLUDED)