



August 24, 2020

Senate President pro Tempore Toni Atkins
State Capitol, Room 205
Sacramento, CA 95814

Assembly Speaker Anthony Rendon
State Capitol, Room 219
Sacramento, CA 95814

Re: Stop 11th Hour Raid on Consumers' Bottle Deposit Funds

Dear Senate President Pro Tempore Atkins and Assembly Speaker Rendon,

The last week of legislative session is the most dangerous for consumers and this year is proving no exception. There is a plot afoot by vested interests to steal up to \$100 million dollars from consumers' bottle and can deposits that we ask you to foil.

Due to the closure of bottle and can collection centers, as well as the waiver granted retailers to refuse to redeem bottle deposits, the nickel and dime deposits that consumers pay for every bottle has been accumulating in state bank accounts.

In the last week of session, under the cover of the Covid crisis, with wildfires burning in the state, waste haulers, grocers and recyclers are pressuring you to waive legislative rules and pass in one week a rewrite of the bottle deposit program that allows them to steal this extra money.

Their proposal, as we understand it, allows them to take up to \$100 million of these unredeemed deposits as well as relieve them of their obligations to redeem bottles and cans. It is a blatant and greedy eleventh-hour log roll that leaves no room for scrutiny, amendment or deliberation. We call upon you to reject this self-serving attempt.

The crumbling bottle deposit system is in dire need of repair and the unredeemed deposit funds can be put to good use in a structural reform of the program next year, if it is not pillaged in the next few days.

The Senate debated such structural reforms this year under the normal rules of operation and the attempt failed. *A last-minute raid on the deposit fund makes a mockery of the deliberative process, hurts consumers and favors moneyed players who are neither in need nor serving the public interest.*

The proposal seeks to reduce consumer convenience by exempting more beverage retailers from in-store redemption service at a time when the pandemic has thrown seven million Californians into unemployment.

In these difficult economic times, many more consumers increasingly depend on deposit refunds to make ends meet. The bottle deposit system is built on the backbone of redemption centers located in state designated “convenience zones” of roughly half a mile in circumference in urban locations and three miles in rural locations. The eleventh-hour proposal would purportedly expand urban zones to two miles – making it more difficult for consumers to redeem. Such a proposal was defeated last year in the legislature during its normal course.

The zones are considered served when the first sizeable retailer makes redemption services available via an independent redemption center located on their premises. Such redemption centers get extra payments to cover higher costs of operation. As long as a convenience zone has at least one redemption center, beverage retailers operating within it are off the hook for providing redemption services in store.

The proposal would expand the size of convenience zones from half a mile to two miles in urban locations and up to 20 miles from three miles in rural locations. The effect of this would be to cut in half or more the number of urban retailers obligated to redeem containers in store. More consumers will be forced to throw containers into the trash or blue bins, defeating the program’s purpose of reducing litter and landfilling while conserving energy by recycling materials into new products.

The proposal would also make tens of millions of dollars in supplemental payments to all comers in a convenience zone, including huge scrapyards that are not obligated to take less valuable glass and plastic containers and make their money off other lines of business such as recycling cars and household items. A firewall always existed between these recyclers and state bottle deposit program payments. Existing redemption centers need the money far more.

Redemption centers’ economic distress has meant that prior to the pandemic, consumers were left collecting barely half of the \$1.5 billion in deposits they pay in checkout lines each year. The pandemic has made things far worse with recycling “deserts” sprouting in some Northern counties and San Francisco serving nearly 900,000 people with just one redemption center. This proposal to expand convenience zones does nothing to help consumers in zones with no redemption centers, a problem that is particularly acute in the Bay Area.

Waste haulers would be rewarded lavishly when they are already bilking the system for too much money.

When cans and bottles are thrown into single stream blue cans, the contamination is very high, the recycled material grade is very low, and consumers don't receive their deposits back for their bottles and cans. California is the only state that allows haulers to collect that deposit and keep it.

Nonetheless, the proposal seeks to reward with tens of millions of extra dollars giant waste management companies that are already at least 20 times overpaid for their services by the state while contaminating and landfilling high quantities of beverage container empties.

The proposal now being floated would give tens of millions of dollars to waste haulers providing local recycling services for which taxpayers or ratepayers already pay twice via municipal contracts.

Right now, waste haulers handle only about 10% of all beverage containers in the state with redemption centers handling the other 90%. Yet the haulers are inappropriately rewarded. Haulers receive more than 50% of all state payments.

A report commissioned by CalRecycle and produced in 2018, but never released, calculates that the true cost of waste haulers sorting of recycled materials at giant Materials Recovery Facilities is only \$8.4 million a year. Consumer Watchdog obtained a copy of this report by the consultancy Crowe Horwath via a Public Records Act request. Yet the state paid haulers \$170 million in 2017, including nearly \$128 million in consumer deposits while redemption centers are severely underpaid and shuttering.

Worse, the rate of contamination when trash haulers handle blue bin bottles and cans can be as high as 40% or more.

Rewarding the very interests that are at the heart of the bottle deposit program's woes with a last-minute raid on consumers' unredeemed deposit dollars would be a gross abuse of the public trust.

We urge you to rebuff this effort. We stand ready to assist you in any way possible next year in a true overhaul of the bottle deposit program.

Sincerely,

The image shows two handwritten signatures in black ink. The signature on the left is 'J. Court' and the signature on the right is 'Liza Tucker'.

Jamie Court

Liza Tucker