



THE CITY OF NEW YORK  
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**Testimony**  
**of Preston Niblack, Deputy Director,**  
**before the City Council Committee on Sanitation**  
**on the Expansion of the Bottle Bill and the Return**  
**of Unclaimed Deposits to Municipalities**

**October 8, 2002**

Good morning, Chairman McMahon and members of the Committee. I am Preston Niblack, deputy director of the Independent Budget Office. Thank you for inviting us to testify today on the proposed changes to New York State's "Bottle Bill." My testimony today will be brief and will specifically address IBO's estimate of the fiscal impact of the state legislation supported by Resolution 384 (including S.5250, S.7521, A.7337, and A.11442). These bills would expand the current bottle bill to include more types of beverage containers, mandate that all unclaimed returnable container deposits be collected and returned to municipalities to assist in recycling and waste reduction efforts, and prohibit the disposal of recyclable materials at landfills and incinerators.

As you know, New York State's current Bottle Bill, enacted in 1983, covers beer and other malt beverages; carbonated soft drinks; mineral and soda water; and wine coolers sold in glass, metal and/or plastic containers of up to one gallon. Under the current deposit system, a minimum of 5 cents deposit is initiated by the first distributor—the so-called “deposit initiator”—for each filled beverage container sold. The distributor receives the 5 cents from the retailer, who in turn passes along this charge to the consumer. When a consumer brings a bottle in for redemption, the consumer receives the 5 cents back from the retailer and the retailer is reimbursed the 5 cents from the distributor for the empty container. Therefore, if more containers covered by the Bottle Bill are sold than redeemed, the distributor is left with a positive balance of deposits. Under the current Bottle Bill, the unredeemed deposits are not required to be returned to the state or municipality and therefore are simply retained by the distributor.

The legislation being discussed today would require each distributor to deposit an amount equal to the refund value received from the retailer into an interest-bearing account in trust for the state. Payment of reimbursements of the refund value to the retailer is made from this account and the remaining balance in the account would be credited quarterly to the solid waste account within the state's Environmental Protection Fund. Finally, the legislation calls for each “administrative region” to receive a share of the solid waste account in proportion to the amount of deposits paid within that region.

How much money might this mean for New York City?

Estimates of even the current number of redeemable containers sold in New York State vary widely. The state's Department of Environmental Conservation (DEC) estimated in 2000 that 5.5 billion containers covered under current law were sold in New York State, including a little over 2 billion sold in New York City. At 5 cents for every container paid as a deposit, this amounts to \$103 million in deposits paid in New York City. DEC further estimated that 1.2 billion containers were redeemed in New York City—a redemption rate of 60 percent—leaving a hypothetical \$41 million in uncollected deposits.

The Container Recycling Institute (CRI), an industry think tank, estimates that 3.7 billion redeemable containers are sold in the city, which, using DEC's 60 percent redemption rate would leave \$75 million in unclaimed deposits.

Finally, the consulting firm SAIC has an even higher projection of redeemable containers sold in the city—almost 7 billion, based on a survey conducted in 1995 as well as information from industry groups. SAIC also estimated the redemption rate as slightly higher than DEC (69 percent), resulting in \$108 million in unclaimed deposits.

Under the proposed legislation, therefore, the city would receive somewhere between \$40 million and \$100 million each year to be used for waste reduction and recycling projects or economic development projects within the city, just based on the current redeemable containers. Even the lowest end of this range would be more than enough to reinstitute the city's recycling program as it existed prior to July 1, 2002.

The proposed legislation would expand the current "Bottle Bill" to include all carbonated and noncarbonated beverages, except milk or those alcoholic beverages not already included. This would require that a deposit be paid on bottled waters, sports drinks, iced tea drinks and juices, among others. Based on national sales figures adjusted for regional preferences, CRI estimated that 2.5 billion such beverages are sold in New York State. Assuming that consumption is proportionate to population would suggest that approximately 1.1 billion containers are sold in New York City. Adding 1.1 billion redeemable containers to the previous three estimates of containers sold—and assuming the same redemption rates—brings the potential amount of uncollected deposits in the city to between \$62 million and \$124 million.

There is an additional fiscal impact on the city if the current Bottle Bill is expanded—the reduction in waste that the city must now export. SAIC estimates that the materials covered by the expanded Bottle Bill account for 169,700 tons of waste per year. Depending on the redemption rate used, this would correspond to a savings in export costs of between \$6.6 and \$7.6 million dollars per year for the city—based on the city's current average waste export cost.

Again, thank you for the opportunity to testify today. I would be happy to take any questions you may have.

**Expansion of the Bottle Bill**  
 October 8, 2002

<b>Estimate of Unredeemed Bottle Deposits Potentially Available to New York City</b>			
<i>Millions of dollars</i>			
	DEC	CRI	SAIC
Current Bottle Bill	\$40.9	\$74.8	\$107.7
Expanded Bottle Bill (total)	62.3	95.9	124.0
Export Savings	6.6	6.6	7.6
<b>Total Budgetary Savings from Expansion</b>	<b>\$68.9</b>	<b>\$102.5</b>	<b>\$131.6</b>
SOURCES: IBO; NYS Department of Environmental Conservation: <i>Beverage Container Deposit &amp; Redemption Statistics</i> (March 2002); SAIC, "Packaging Restrictions Research: Targeting Packaging Reduction, Reuse, Recycling and Recycled Content" (Spring 2000); Container Recycling Institute. NOTE: Expansion figures based on CRI estimates.			