

The Oregonian

Nickel-and-diming the bottle bill

Backers want it expanded, but if costs rise too much, grocers might flex their muscle and try to kill it

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SALEM -- Groups rooting for Oregon's bottle bill had hoped to see the nickel deposit raised to a dime, but it's still a nickel in the legislation the state Senate is expected to vote on this week.

The grocers and drink distributors, two influential lobbying groups in Salem, squelched any increase.

Raising the deposit would lead consumers to return more containers -- and the grocers and distributors don't want that.

The grocers say bringing more empty bottles and cans to their stores is a hygiene concern.

And beer and soft-drink distributors say a higher deposit would discourage customers from buying a six-pack or inspire others to cash in more empties from out of state. Distributors also could lose money they now get to keep from millions of containers that are not redeemed for a deposit each year.

Welcome to the latest clash of Oregon ideals -- less litter and more recycling versus the cost of doing business. As with many issues in Salem, a key ingredient in the bottle bill debate is money.

Since Oregon legislators passed the nation's first bottle bill 36 years ago, the rate of returning cans and bottles has dropped along with the value of the nickel. The nickel deposit, which took effect in 1972, would now be a quarter, had it been adjusted for inflation.

No one is seriously suggesting a quarter deposit, but advocates of raising the nickel to a dime say an increase would reduce littering and cut into the 250 million empties that Oregonians still dump in the garbage each year.

Though the debate might appear to be about nickels and dimes, there's much more money sloshing around on this one. Millions of dollars, in fact.

"If you went from a nickel to a dime, you'd have all industry against you," says Jeremiah Baumann, lobbyist for the Oregon State Public Interest Research Group.

That's heavy-duty opposition. Distributors and grocers gave more than \$800,000 to campaigns for the Legislature and governor's office last year. They spent an additional \$500,000 lobbying.

They have a lot to protect. The state Department of Environmental Quality estimates that the nickels from unreturned empties totaled more than \$15 million for distributors in 2005. As set up now, the system offers no incentive for the distributors to encourage returns; they make more money from unclaimed deposits if the containers don't come back.

The distributors dispute the DEQ's numbers. They say they came closer to "a wash" on unredeemed deposits for 2005 than they did to the \$15 million. At the same time, they will not say how many nickels go unclaimed.

"There's no pile of money out there," says Paul Romain, lobbyist for the Oregon Beer & Wine Distributors Association.

The cost of returning

Northwest Oregon distributors spend about \$7 million a year to run Container Recovery Inc., a cooperative that handles about 750 million containers a year collected from Portland to as far south as Salem. That's about half of the 1.5 billion deposit containers

sold in Oregon each year.

"At the end of the day, distributors pay out of their pockets to fund the cooperative. It's not self-sustaining," says John Andersen, Container Recovery's chief operating officer. Andersen says an average of about 94 percent of the containers sold in five counties of northwest Oregon are returned for a deposit each year, but he would not provide an annual breakdown.

An uncontrollable cost, Andersen says, are the bottles and cans purchased outside the state and returned for redemption in Oregon. But neither the distributors nor the DEQ can say how many out-of-state containers are cashed in.

In 1997, the House passed a bill that would have required beverage distributors to report how much deposit money they collect from consumers and return to them. But the language was struck late in the session by a Senate committee. A similar bill -- this one supported by the grocers association -- stalled in 1999. Similar attempts have made little headway since.

This session, lawmakers are considering Senate Bill 707, which would add plastic bottles of water and flavored water to the list of drink containers requiring a nickel deposit. They talked about increasing the nickel deposit but handed the question off to a task force that would also be created if the bottle bill update passes.

The grocers, who oppose expanding the bottle bill in any way that brings more empties into their stores, threaten to take the issue to the ballot if the current proposal adding water bottles passes.

Fighting expansion

They've succeeded before.

In 1996, a ballot measure asked Oregonians to expand the bottle bill to include bottled water and noncarbonated beverages, such as Snapple and fruit juices. It did not propose to raise the nickel deposit.

"We were up 80-to-20 until five weeks before Election Day," says Chris Taylor, who ran the 1996 campaign.

But then, Taylor says, "the opposition released a deluge."

A coalition that included soft-drink makers, grocers, Procter & Gamble and large food companies, spent more than \$3 million to drive home their message: Expanding the bottle bill would be too "costly, complicated and confusing."

The measure went down 60 percent to 40 percent.

Since Oregon adopted the first bottle bill in 1971, 10 other states have followed with similar laws. The main benefit is that cans and bottles are returned and recycled at higher rates in those states and littering is reduced.

Michigan is the only state with a dime deposit. And, about 97 percent of the containers sold there are redeemed. Oregon's redemption rate has dropped from more than 90 percent in 1973 to 78.5 percent in 2005, the DEQ estimates.

Given the powerful opposition to raising the nickel deposit, lawmakers say they are willing to limit this year's expansion to bottled water and flavored water.

"Under the current Oregon bottle bill, we (the state) don't contribute anything. We tell private industry to go make it work," says Rep. Vicki Berger, R-Salem. "They're uniformly convinced 10 cents is going to tip over the boat."

But Rep. Jackie Dingfelder, who chairs the House Energy and the Environment Committee where the bottle bill update is headed next, says Oregon lawmakers eventually will have to grapple with the money issues and with the politics.

Distributors ought to offer an accounting of the nickel deposits they collect, says Dingfelder, D-Portland.

"It's essential for accounting how well the bottle bill works," she says, and it will be among the first questions the task force will have to ask.

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