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December 1996

UPDATE: OREGON'S "BOTTLE BILL"

- Current Statute* The Oregon Beverage Container Act, or the "Bottle Bill" as it is popularly known, became part of Oregon statute in 1971. The law:
- Requires a five-cent deposit on all carbonated and malt beverage containers.
 - Requires that no beverages be sold in containers with "pull tab" openers.
 - Allows dealers and distributors ("distributor" includes both soft drink and beer distributors) to accept and refund deposits on all carbonated and malt beverage container brands they sell.
 - Sets forth conditions under which dealers and distributors may refuse to accept certain containers for deposit.
 - Requires that plastic six-pack rings be designed to decompose within 120 days of disposal. (1977 amendment)
- Recent Activity* In November 1996, an initiative was placed on the ballot which would have greatly expanded the bottle bill to include many different kinds of beverage containers. The measure was defeated. Proponents argued that the expansion was needed because of the great variety of beverage containers which have come to market since the passage of the original Bottle Bill. While these containers are nonredeemable, many are identical in composition (i.e., type of plastic, glass, etc.) to redeemable containers. Opponents argued that the measure would be confusing to consumers and costly to retailers.¹
- How the Oregon System Works* Oregon's beverage container deposit system is not administered by any one state agency. Instead it is self-enforcing, with some agency oversight through the Department of Environmental Quality, Oregon Liquor Control Commission, and the Department of Agriculture. The Bottle Bill is based on an earlier "returnable/refillable" system. Under this scenario, used for several decades by large soft drink manufacturers, returned bottles were cleaned and then refilled with beverages. While this system is still in use, it plays a very limited role. A much larger part is played by the non-refillable system which includes cans, plastic beverage containers, and the like.
- Under the non-refillable system, the redeemable deposit is initiated by the distributor/bottler, who sells returned containers for recycling, scrap aluminum, etc. Essentially, under the Bottle Bill, the distributor places a somewhat artificial value on containers to help ensure their return. The five-cent deposit remains consistent in that it is passed down from the distributor/bottler to the retailer to the consumer. When the container is returned, the process reverses itself.
- Oregon's Bottle Bill does not include a handling fee. Estimates are that handling costs for distributors/bottlers are approximately 2 cents per container. (Exact figures are not available because companies taking returns are privately held.) While they do not receive a handling fee, distributors/bottlers do receive the scrap value for aluminum cans (roughly 2 cents per can) and keep unredeemed deposits. Aluminum cans account for approximately 75 percent of all beverage containers.¹¹
- According to DEQ, unredeemed deposits amount to approximately \$4 to 5 million per year. These figures are based on a redeemable rate calculated by DEQ to be approximately 93 percent. This means that about 7 percent of redeemable containers are disposed of in landfills, end up as litter, or are taken out of state. However, distributors/bottlers disagree with DEQ's figures and assert that the industry is incurring costs not covered by unredeemed containers.¹¹¹

Retailers' handling fees amount to 3 cents per can.^{iv} Because retailers must return containers to the distributor/bottler to collect the deposit, they can only recoup their handling costs by passing them on to the consumer in the form of higher prices.

The Oregon beverage container return system is structured around a "closed" distribution system. By law, only one distributor/bottler is in a given territory. For example, Washington County may be designated as a distributor's territory. Some retailers within that unit may sell a lot of containers and take back very few, while others will sell less but take back more returns. This situation is especially true with large wholesale outlets that tend to sell large quantities of soft drinks while taking in few returns. Because one distributor/bottler covers a particular territory rather than individual stores, they should receive approximately the same number of returns as containers sold. While some stores may be discouraging returns, consumer habits generally account for return rates at particular locations.^v

Some Concerns

- Distributors/bottlers assert that the system does not fairly compensate them for handling containers. However, this is a point of contention with some proponents of the Bottle Bill who argue that the distributors/bottlers recoup handling costs through selling scrap aluminum and by retaining unredeemed deposits.^{vi}
- Distributors/bottlers disagree with DEQ's assessment of how many redeemable containers are being returned to retailers. As mentioned previously, DEQ's estimates are that the return rate is approximately 93 percent. However, according to distributors, deposit-embossed containers sold out-of-state are being returned to Oregon retailers to collect the deposit. According to distributors, this means that they are paying out deposits for more containers than the number being sold to retailers.
- Recovery rates are lower for glass containers not covered under the Bottle Bill, ranging from 30 percent to just under 50 percent, according to DEQ. These recovery rates may improve with time, as the curbside recycling system is relatively young. Return rates under the Bottle Bill, according to DEQ, reached levels of over 90 percent almost immediately because containers in use at the time were refillable and already being returned for deposit.
- Retailers are concerned with unsanitary conditions associated with recycling beverage containers in areas where food is stored.
- Retailers assert that supermarkets bear disproportionate labor, handling, and storage costs because most redeemable containers are returned to them.

For More Information on the Bottle Bill:

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 Paul Romain, Oregon Beer and Wine Distributors Association (503)226-8090
 Chris Taylor, Oregon State Public Interest Research Group (503)231-4181 x315
 Steve McCoid, Oregon Grocery Industry Association (503)363-3768
 Paul Williamson, Oregon Liquor Control Commission (503)872-5071

ⁱ "Bottle Bill Foes Vow to Stop Expansion of Landmark Law," *Business Journal*, Week of April 26, 1996.

ⁱⁱ Conversation with Steve McCoid, Oregon Grocery Industry Association, December 19, 1996.

ⁱⁱⁱ Conversation with Paul Romain, Oregon Beer and Wine Distributors Association, December 11, 1996.

^{iv} Conversation with Steve McCoid, Oregon Grocery Industry Association, December 20, 1996.

^v *ibid.*

^{vi} Conversation with Chris Taylor, OSPIRG, December 19, 1996.