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### **Proposed Bottle ‘Tax’ Bureaucracy Drives Up Consumer Costs, Trashes Litter Programs**

**NASHVILLE, Tenn.** – The Tennessee Grocers & Convenience Store Association (TGCSA) and Tennessee Oil Marketers Association (TOMA) are two primary retail grocery and convenience associations forming a coalition to oppose an outdated idea that would create massive new consumer costs and state bureaucracy by forcing the public to recycle used bottles and cans.

The groups are working against SB1408 and HB1829. On the surface, the theory sounds good – the program would result in consumers returning their empty containers for a refund. But in practice, experts say, the programs cost consumers millions in higher prices, fall well short of their environmental goals, complicate recycling for consumers, and cost states millions more in administrative funds to operate.

Known as the “bottle bill,” the forced deposit legislation would increase prices by 8¢ on virtually every beverage bought in Tennessee – an extra \$2 per case of bottled water, soda, or beer, for example. 3¢ of that increase is a tax that consumers won’t see again. Consumers could get a nickel of the 8¢ back if they go through the hassle of separating deposit containers from the rest of their recyclables and find a redemption center that will take them back.

These price increases would come on top of Tennessee’s already high sales tax. By raising the cost of living even higher in Tennessee, the bill would encourage even more Tennesseans to shop in bordering states.

Only 11 states have such programs, born in the 1970s, and only one state (Hawaii, now trying to end the program) has approved a deposit program in the last 20 years.

“This is a new tax, pure and simple. It’s a nickel deposit plus a three cent tax per container. There are a handful of people peddling an old approach to recycling that has proven ineffective at everything except collecting millions of dollars from shoppers, making state governments bigger and making it more complicated for people to recycle,” said Jarron Springer, executive director of the Tennessee Grocers & Convenience Store Association.

“This old idea is a relic of the 1970s – it ignores the huge growth of modern voluntary and municipal curbside recycling efforts that are much more progressive and efficient.”

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The decades-old idea is also opposed for the following reasons:

- Tennessee already has the Litter Grant program, which includes a tax on sodas and beer that is collected and distributed to all 95 Tennessee counties for collection of all roadside litter, not just the removal of bottles and cans
- Deposits ignore more than 90 percent of litter. A 2006 roadside litter survey in Tennessee by R.W Beck, Inc. detailed that only 9 percent of litter consisted of bottles, cans, tabs, seals, caps and anything related to beverage containers. This 9 percent also included containers (i.e. wine and milk) that are not a part of the current bottle bill legislation. Therefore, even if deposits could successfully remove every littered beverage container and items related to beverage containers, over 91 percent of all litter would still remain untouched on Tennessee's streets and highways. The Tennessee study is almost identical to national research studies that also find that only 5 percent of beverage containers sold are consumed in cars and only one-in-164 is littered. Why begin such a massive program to address such a limited segment of the litter stream?
- Forced deposit programs require new government bureaucracy – including dozens of new state employees – to collect your money, regulate and subsidize redemption centers and pay out refunds. We do not need a bigger government to clean up litter
- Tennessee's already high sales tax rate already pushes shoppers across our 11 border neighbors for groceries – and the bottle bill will accelerate that flow. Adding 8 cents at the checkout line for beverage containers – essentially doubling the sales tax on those items -- would send more shoppers for the border and cost Tennessee millions in local and state sales tax receipts
- Deposit programs are notorious for fraud that costs states millions. Residents from neighboring states will be able to redeem their containers in Tennessee and receive a refund. This fraud activity is almost impossible to police. (***Los Angeles Times, March 2, 2006.***) Iowa, which collects a nickel from consumers, is proposing to reduce refunds to 4 cents to cover fraud expense to the program
- In calling for an end to Massachusetts' program in a March 2006 article in the *Boston Globe* magazine, a former Boston city councilman says that state pays \$1,000 a ton to recover containers that have a value well below \$100 a ton. He writes that Massachusetts should join the rest of nation and invest in curbside programs that are more efficient. "Bad laws," he writes, "once in place, are hard to get rid of." (**Thomas M. Keane, Jr., *Boston Globe* magazine, March 5, 2006.**)

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- Deposit programs are notoriously inefficient and wasteful. In a 2005 article in *Resource Recycling*, an environmental journal, Virginia-based Gershman, Brickner & Bratton, reports that deposit programs have proven bureaucratic, duplicate voluntary and other government recycling efforts and have proven not to be the effective solution promised by proponents. This bureaucracy is so great, the report says, states pay \$4.24 per container recovered. (*Resource Recycling, May 2005.*)

“People want to do the right thing, and using our existing curbside or dropoff recycling programs is less hassle and a lot less costly than this proposed bottle bill idea,” said Emily LeRoy of TOMA. “We are also concerned that taking back empty containers in their stores not only means more cost to convenience store owners, but also means bringing trash and sanitation problems into food stores – and that’s a bad combination.”

The proposal is also opposed by the Tennessee Malt Beverage Association and the Beverage Association of Tennessee.

To learn more about Tennessee’s current, effective recycling initiatives please visit Keep Tennessee Beautiful at [www.ktnb.org](http://www.ktnb.org). The coalition will soon launch a site – [www.trashthebottlebill.com](http://www.trashthebottlebill.com) – to provide consumers information.

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