

HOUSE COMMITTEE ON ENVIRONMENT

February 15, 2005 Hearing Room D

1:00 P.M. Tapes 10 - 11

Corrected 09/22/05

MEMBERS PRESENT: Rep. Gordon Anderson, Chair

Rep. Bob Jenson, Vice-Chair

Rep. Mary Nolan, Vice-Chair

Rep. Phil Barnhart

Rep. John Lim

Rep. Diane Rosenbaum

MEMBER EXCUSED: Rep. Bill Garrard

STAFF PRESENT: John Houser, Committee Administrator

Mike Reiley, Committee Assistant

MEASURES/ISSUES HEARD:

Oregon Grocery Association – Informational Meeting

Beer and Wine Distributors – Informational Meeting

Introduction of Committee Measures – Work Session

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
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TAPE 10, A

002 Chair Anderson Calls the meeting to order at 1:05 p.m. Opens the informational meeting on the Oregon Grocery Association.

OREGON GROCERY ASSOCIATION – INFORMATIONAL MEETING

011 Dan Floyd Oregon Grocery Association (OGA). Gives overview of OGA. Introduces his panel of witnesses. Discusses the issues related to the Oregon Beverage Container Act (Bottle Bill) of 1971 including container sanitation, costs to retailers, over redemption of containers, and space limitations within stores.

040 Ron Brake Owner, Food 4 Less, Portland/Gresham. Testifies in opposition to expansion of the Bottle Bill. Explains the issues related to container redemption, including the cost of the redemption machines and labor to operate them, space limitations, and sanitation. Explains that the grocery industry is one of the only industries in which refuse comes back into the stores.

070 Chair Anderson Asks if the \$70,000 mentioned by Mr. Brake is a net loss.

074 Brake Answers yes.

076 Robin Thomas Bales Thriftway, Portland/Aloha. Submits and summarizes chart detailing Bottle-Can return costs (**EXHIBIT A**) and discusses sanitation issues.

128 Mary Loftin Vice-President of Public Affairs, Fred Meyer. Testifies in opposition to expansion of the Bottle Bill. Addresses costs associated with container redemption.

205 Rep. Jenson Notes that his district does not have a Fred Meyer store.

213 Rep. Lim Asks how the state legislature can help retailers so that they do not lose money through container redemption.

221 Loftin Explains proposals to examine the amount of redemption and to implement a fee for the stores to handle the containers. Expresses a desire for container redemption facilities to be moved off-site.

235	Rep. Lim	Asks what would be the proper amount of compensation for the stores.
238	Loftin	Defers to Joe Gilliam whose testimony will follow.
240	Rep. Nolan	Asks if any overtures have been made to any organizations to move redemption centers offsite.
250	Loftin	Answers that Fred Meyer has not, but OGA is addressing the issue.
252	Rep. Nolan	Asks if there are alternatives that would maintain the intent of the Bottle Bill and keep containers out of the waste stream.
258	Loftin	Defers to Joe Gilliam.
260	Rep. Lim	Asks if Fred Meyer experiences a cost shortfall similar to the one described by Mr. Thomas (EXHIBIT A).
270	Loftin	Answers that Fred Meyer does experience a shortfall and that she will provide specific information to the committee.
278	Chair Anderson	Asks if Fred Meyer and Kroger operate in other states.
290	Loftin	Answers that Fred Meyer is in Oregon, Washington, Idaho, and Alaska and that Kroger is in 23 states. Discusses problems with inter-state redemption and container collection by transients and losses that occur. Explains the inequities in redemption as beverages are purchased at stores such as Costco then the containers are redeemed at other stores.
303	Chair Anderson	Asks if stores must take back containers that they sell.
315	Loftin	Explains that private label containers exclusive to a store must be redeemed by the stores that sell it, but other stores may not, and all major brands are redeemable everywhere.
320	Chair Anderson	Asks if retailers should redeem containers at the same rate that they sell them.
323	Loftin	Answers yes.

325	Chair Anderson	Asks how California's recycling program compares to Oregon's.
328	Loftin	Answers that she does not know.
331	Bob Fluhner	District Manager, Hagen Foods, Portland. Testifies in opposition to expansion of the Bottle Bill. Estimates that container redemption costs each Portland Hagen Foods store \$20,000 per year. Addresses the costs and logistics associated with the redemption process.
383	Rep. Nolan	Asks for expenditure figures for other types of waste disposal.
390	Fluhner	Answers that he does not know, but will provide information to the committee.
400	Rep. Nolan	Explains that she would like to compare data on different types of waste collection and marketing.
415	Jim Welsh	Owner, Manzanita Fresh Foods. Explains that Manzanita is a resort town and his store triples its volume during the summer. Describes storage and sanitation problems. Notes that they redeem 120% of their sales and explains problems with the redemption process.

TAPE 11, A

050	Chair Anderson	Asks if other retailers redeem at more than they sell.
052	Welsh	Answers that his store is the main redemption center in his area.
062	Loftin	Explains that WalMart and convenience stores sell a high volume of beverage products but there is little container redemption at their stores.
075	Rep. Nolan	Notes Plaid Pantry's help on the original Bottle Bill in 1971.
088	Fluhner	Notes that Hagen Foods redeemed 30% more containers than they sold. Explains that redemption centers that are easily accessible are taking in larger amounts of containers. Explains the impact of loss leaders on sales and redemption.
091	Larry Hage	

C&K Market, Brookings. Concurr with issues discussed in previous testimony. Cites the issue of grocery carts being used for container redemption and associated sanitation problems. Argues that there is too much responsibility on the retailers for redemption. Notes that redemption has been moved off-site in California.

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| 176 | Chair Anderson | Asks if the California redemption rate is 3 cents. |
| 178 | Hage | Answers that it is 2.5 cents. |
| 180 | Bridget Flanagan | Northwest Division Public Affairs Director, Safeway. Gives a history of Safeway. Testifies in opposition to the expansion of the Bottle Bill "unless the redemption facet is removed from retail grocery stores." Discusses sanitation and cost issues associated with redemption. Points out that other recyclables do not have to be returned to the point of purchase. |
| 324 | Jim Girod | Mill City Marketplace, Mill City. Testifies in opposition to the Bottle Bill and its expansion. Explains the space problems related to container redemption. Argues that "the Bottle Bill has turned into a recycling bill." |
| 418 | Chair Anderson | Asks for an explanation of the flow of money through the redemption process. |
| 422 | Flanagan | Defers to Joe Gilliam. |
| 465 | Joe Gilliam | Displays a jar to the committee containing sample objects found in redeemed containers including items such as bandages, cigarette butts, syringes, and cotton balls. |

TAPE 10, B

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| 005 | Jim Bernau | Founder and President, Willamette Valley Vineyards. Testifies in opposition to expansion of the Bottle Bill, noting economic problems and costs that would be imposed on the grocery industry. Describes the Oregon wine industry. Says that wine manufacturers would like to see the bottles returned to them, but they cannot promote an economic incentive on wine bottle labels for customers to return them because it would be considered a coupon, illegal under Oregon law. |
| 032 | Rep. Barnhart | Asks if the legal issue with a "coupon" is related to beer and wine beverages. |

035	Bernau	Answers that it applies to alcoholic beverages.
037	Rep. Barnhart	Asks if it is controlled by Oregon statute.
038	Bernau	Answers yes.
040	Rep. Lim	Asks how wine bottles could be returned to manufacturers.
044	Bernau	Answers that many customers visit the wineries and return their bottles. Notes that the manufacturers can give the customers a 10 cent credit, but they can only legally tell the customers by word-of-mouth. Explains that the bottles are crushed and recycled or washed and reused.
050	Joe Gilliam	Oregon Grocery Association. Submits and summarizes a chart describing the “Current (Original) Oregon Bottle Bill” and the “Mechanics of Expanding Oregon Bottle Bill & Increasing Deposit.” (EXHIBIT B) . Says that he would like to see container redemption moved out of the stores.
157	Rep. Barnhart	Speculates that the grocery stores became sites for redemption to increase container recycling. Asks about using private, out-of-store redemption agents and what the effect would be on the redemption rate and the costs of providing the redemption services.
172	Gilliam	Answers that it has not been done, and points out that there are some who argue that costs could be consolidated by streamlining the redemption process. Cites the California redemption process and notes that the problem is not with customers redeeming the containers, but with funding the redemption centers.
185	Rep. Barnhart	Asks if OGA would prefer the “Mechanics of Expanding Oregon Bottle Bill & Increasing Deposit” line on the chart (EXHIBIT B) .
188	Gilliam	Answers that if the Bottle Bill is expanded, grocery stores cannot take a higher volume of containers and maintain the associated sanitation issues. Argues that fresh food distribution should be separated from recycling.
195	Chair Anderson	Asks if the California recycling system is working.

197	Gilliam	Explains the California recycling system. Notes that the public is accepting it, but there is no money to pay to keep the recycling centers open.
200	Chair Anderson	Asks if the state of California is funding the program.
201	Gilliam	Answers that the state operates the redemption centers. Explains the fees and costs associated with operating the recycling program.
205	Chair Anderson	Asks where the money comes from to pay the 2.5 cent redemption rate.
207	Gilliam	Answers that it is paid by the manufacturer after it is redeemed. Explains that the redemption centers charge the manufacturers for the amount of containers that are redeemed.
210	Chair Anderson	Asks what would be fair price for container redemption under a California-type recycling program.
215	Gilliam	Answers that it is difficult to determine a fair price. Argues that if facilities are privately run, the costs would be lower. Explains the variations in costs of the pay scale, benefit scale, land to build the facility, and where the facility is located. Points out that it currently costs 1-3 cents to handle each container.
235	Rep. Lim	Asks why the grocery industry has not proposed legislation to address recycling problems. Notes that redemption centers like those in California might not work.
253	Gilliam	Explains that the original Bottle Bill was designed as a litter pickup measure rather than a recycling measure.
285	Rep. Lim	Argues that the Bottle Bill is not fair because there is no compensation for grocers. Notes his previous legislation to give retailers 1 cent per container to recycle them.
310	Chair Anderson	Asks what percentage of beverage containers are being redeemed.
315	Gilliam	Answers that the redemption rate is 84%.
319	Chair Anderson	

Closes the informational meeting on the Oregon Grocery Association overview. Opens the informational meeting on the Beer and Wine Distributors.

BEER AND WINE DISTRIBUTORS – INFORMATIONAL MEETING

322	Paul Romain	Oregon Beer and Wine Distributors Association. Testifies in opposition to expansion of the Bottle Bill. Explains the pros and cons of the Bottle Bill. Explains the inequity with redemption on large and small retail locations and cross-border redemption traffic. Explains the origin of Container Recover, Inc.
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TAPE 11, B

082	Rep. Barnhart	Clarifies that the beer and wine distributors would like to be exempted from the Bottle Bill.
085	Romain	Answers yes.
090	Rep. Barnhart	Asks for comment about Mr. Gilliam's chart (EXHIBIT B) and notes that the chart seems to exempt the distributors.
094	Romain	Answers that he has not seen the chart. Explains his intent for the future of the Bottle Bill.
105	Chair Anderson	Asks if "there is point at which cost per bottle should go up."
114	Romain	Explains that any increase in cost would probably be opposed by the manufacturers. Notes that people like the Bottle Bill because they think it is free and convenient.
131	Chair Anderson	Closes the informational meeting on the Beer and Wine Distributors overview. Opens the work session on the Introduction of Committee Measures.

INTRODUCTION OF COMMITTEE MEASURES – WORK SESSION

135	John Houser	Committee Administrator. Introduces LC 1148 (EXHIBIT C).
153	Mike Dewey	Waste Management Corporation. Testifies in support of LC 1148.

215 **Rep. Jenson** **MOTION: Moves LC 1148 BE INTRODUCED as a committee bill.**

VOTE: 5-0-2

EXCUSED: 2 - Barnhart, Garrard

Chair Anderson Hearing no objection, declares the motion CARRIED.

225 Chair Anderson Closes the discussion on LC 1148 and opens a discussion on LC 967.

230 John Houser Introduces LC 967 (**EXHIBIT D**).

250 Dave Barrows Chemical Waste Management, subsidiary of Waste Management Corporation. Explains and testifies in support of LC 967.

275 **Rep. Jenson** **MOTION: Moves LC 967 BE INTRODUCED as a committee bill.**

VOTE: 5-0-2

EXCUSED: 2 - Barnhart, Garrard

Chair Anderson Hearing no objection, declares the motion CARRIED.

280 Chair Anderson Closes the work session on the Introduction of Committee Measures. Adjourns the meeting at 2:53 p.m.

EXHIBIT SUMMARY

- A. **Oregon Grocery Association, Bales Thriftway Bottle-Can Returns Costs data, Robin Thomas, 1 p**
- B. **Oregon Grocery Association, Current and Expanded Oregon Bottle Bill chart, Joe Gilliam, 2 pp**
- C. **Introductions, LC 1148, staff, 1 p**
- D. **Introductions, LC 967, staff, 4 pp**