

Can Bottle Return

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To the distinguished Chairs and members of the committee on environmental conservation and finance:

Local container redemption centers are currently operating at or near untenable margins in the year 2025 because of the lack of handling fee increases since 2009 – the last time handling fee increases were implemented. Exacerbated by the recent inflationary pressures and the new amounts of containers entering the stream that are not redeemable as outlined by the current statutes, the pressures to operate with the intent to profit, let alone innovate, are becoming too much to bear and has already caused 25% of the redemption centers across the state to close with many more scheduled to do so in 2025.

As more and more community redemption centers cease to operate, the State will continue to see an uptick in beverage containers not being reused and/or recycled, further intensifying the eco challenges the State already faces including:

- working against long- and short-term landfill objectives
- plastic and aluminum as added pollution in natural environments like forests, green spaces, parks, waterways, streams, beaches, lakes, and the ocean
- plastic and aluminum as added pollution in urban environments like streets, mass gathering venues, parks, roads & highways, parking lots, open spaces

In turn, New Yorkers will have to fit the bill later with higher taxes to manage municipal sanitation costs, landfill management, as well as public health challenges faced by the fallout of the added pollution and potentially hazardous materials in a New Yorkers' daily life.

As a single operation, Can Bottle Return helped divert 28 million containers to initiators to be reused, and recycled in 2024 while providing 17 full time positions and creating an incubator for a donation/fundraising environment that exceeds \$100k per year – including processing containers at the Buffalo Bills stadium for any number of fundraising efforts. We can do as much because we believe in the spirit of innovation through investment; and most of our system is mechanized. Some of the equipment used is homemade, while more technical mechanical utility is from Denmark, Germany, and hopefully soon to be from New York through my colleagues at Recycling Tek. My hope one day is that we at Can Bottle Return can be a part of diverting 120 million containers in the next 5-7 years. But with current margins, and no handling fee increases slated on the horizon, investment and modernization to get to that point is unfortunately unattainable.

As an operator on the front lines of this fight there are two very simple perspectives that should not be diametrically opposed as lawmakers, regulators, and operators. And that is **we can** continue to redeem, reuse, recycle in much larger quantities while developing a **circular economy** that at its core operates with the same capitalistic principles and virtues that will no doubt develop long term prosperity through innovation, investment, education, and creative solutions to any challenge of the day.

Those that fear change want you all to believe that both truths cannot be held sincere at the same time, and that it can only be one or the other, further ‘kicking-the-can’ down the road for the New York taxpayer to figure out later and further dividing those in the fight. But let’s not allow ourselves to be ‘astro-turfed’. Any burgeoning industry just needs a little shove – which requires vision and courage. And as an operator in this fight, that is what I am asking for today:

The Vision to imagine a state redemption system fully equipped to manage the volume of containers of the day and of the future, and the courage to believe that what operators are looking for is not a handout, but instead something more. A **hand up** to be a part in helping shape the future of the circular economy in the Empire State.

To get there, handling fees need to reflect the current Cost of Living Index and the general ascent in costs from 2009; and most notably the inflationary burdens of the last 3 years. This is without a doubt the most important issue related to operating a community redemption center in NY and engagement can no longer wait. Anecdotally, since 2021 we at Can Bottle Return increased the number of diverted containers from 17.5 million per year to 28 million in 2024 – but made less money at the end of 2024. Why? Not because of financial mismanagement but because the cost of labor for our business increased 19% during that period. Insurance increased 24% for that same period. General Supplies increased by 14.6%. Interest on long term loans and leases increased by 5.6%. The number of **unredeemable containers** increased by over 21% over the same period, adding unnecessary costs for proper disposal and time to manage and handle the material. And we have no ability to adjust the cost to the consumer or the handling fee during the container initiation process. This is the #1 issue facing community redemption centers and really translates to a Code Red for the industry.

The second most pressing issue is the container types in the system that find ‘loopholes’ around the redemption program and law in NY – worsening a cost problem to the container redemption center for proper and responsible handling and disposal. With the accelerated sales of Liquor/Juice drinks through Liquor Stores in aluminum containers that mirror seltzer beverages, the challenge is becoming daunting and expensive to manage properly.

The third most pressing issue facing redemption centers is the amount of the deposit itself. A nickel in today’s market is not enough of a motivator to get consumers to properly redeem. A \$0.10 deposit would alter behavior and introduce more people, and therefore more containers into the proper diversion stream. In 1983, when the Bottle Bill became law, the average cost of a Pop/Soda was \$0.53. The deposit was nearly 10% of the overall value of the retail product. In 2024, the average cost of the same Pop/Soda is now \$2.61. At nearly 10% of the overall value of the retail product would be \$.26. Adjusted for inflation from 1983 to the end of 2024, a \$0.05 deposit should now be \$0.16 adjusted at 2.83% per year.

The fourth most pressing issue redemption centers face is that there is no real seat at the table for those in our industry, and that our participation in the ECL Bottle Bill law needs to be statutorily protected. Example, handling fees need to be tied to general cost of living indexes and/or tied to minimum wage increases. A percentage of unredeemed funds should be considered for Innovation Investment Grants for Redemption Centers and Public Education Programs on the Law and programs managed through the DEC. Redemption Centers should also be considered a separate subset industry of sanitation for the purposes of permitting, insurance, WC, UI, and general overhead administrative costs. Container Redemption Centers should also be able to apply for tech and innovation grants for industrial development like any other industry to meet a specific criterion for modernization, innovation, etc. with the overall aim of increasing the amount of material processing while decreasing costs. Though the rest of the working world has seen generational inflationary burdens that are unparalleled, the beverage manufacturers have still found ways to catalog record-breaking profits the last (3) Fiscal Years.

I want to thank the Chairs and the distinguished members of this panel for their time and understanding. We can move a lot of what I proposed ahead of the bigger, better, bottle bill so that when the BBBB does become law, redemption centers across the state are both solvent and ready for the challenges of the day and the future.

Sincerely,

Peter J Baker
Can Bottle Return

Charts & Graphs – PUBLIC RESEARCH addendum:

\$0.05 in 1983 = \$0.16 in 2024

2.83% Average Inflation from 1983 to 2024

Source: Amortization.org

Pepsi Annual Earnings during the last Bottle Bill Amendment Period

December 31, 2011	6.443B
December 31, 2010	6.32B
December 31, 2009	5.946B
December 31, 2008	5.142B
December 31, 2007	5.658B

Source: PepsiCo Earnings Statement

Pepsi Annual Earnings the last (3) full years

December 31, 2023	9.074B
December 31, 2022	8.91B
December 31, 2021	7.618B



Source: PepsiCo Earnings Statement

Coca Cola Annual Revenues during the last Bottle Bill Amendment Period.

December 31, 2012	48.02B
December 31, 2011	46.54B
December 31, 2010	35.12B
December 31, 2009	30.99B

Source: Coca Cola Earnings & Revenue Statement

Coca Cola Annual Revenue the last (3) Years:

December 31, 2023	45.75B
December 31, 2022	43.00B
December 31, 2021	38.66B



Source: Coca Cola Earnings & Revenue Statement

Caddyshack Movie – when Coca Cola goes from \$0.25 to \$0.50 – released in 1981.



Now an average single serving bottle of soft drink is \$2.61 while deposit has remained flat.

ADDED INFOGRAPHICS

CBR Hamburg New York

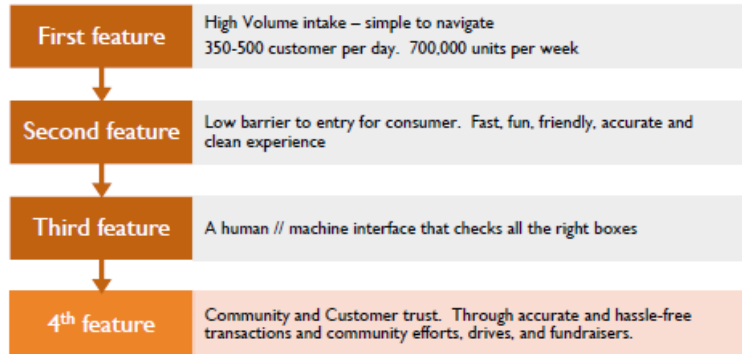
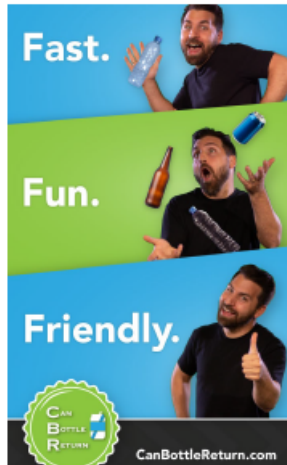
THE FUTURE OF REDEMPTION is NOW

A collage of images related to the CBR Hamburg New York facility. It includes a view of a recycling conveyor belt, a close-up of a red laser scanner, a photo of a worker giving a thumbs up, and an exterior view of the building.

Can Bottle Return - a year ago

Can Bottle Return - a year ago

STRATEGIC FEATURES





CanBottleReturn.com

-  ■ **CBR CHALLENGES (specific)**
-  ■ **Accelerated Inflation**
 - Rising Human Costs
 - General Expense
 - Financing / Lending / Stifled Innovation
-  ■ **Shrinking Margins**
 - Up 12% YOY in Material, down 3% in gross operating profit
 - Inability to self-determine pricing
 - Increase of non-redeemable material and associated cost of disposal
-  ■ **No Handling Fee Relief since 2009**

TOTAL INDUSTRY OVERVIEW



Stability – Redemption Centers are at a critical crossroads and the emergency light is blinking for many. Lack of handling fee increases is creating an untenable situation where the entire system could crumble. Forcing consumers whom have paid their deposits statewide through an intake that is not nearly large enough to have the appropriate impact would be calamitous. Hundreds of Redemption centers have already gone under statewide – especially those in rural markets.



Costs across the industry continue to rise. Trust is deteriorating rapidly that the legislators will do anything to combat the challenge until it's too late.



Fear of the following factors:

- Uneasiness about hiring; or hiring anyone of skill/talent
- Inability to make CAP purchases for innovation
- Lack of help, grants, handling fees, etc.
- Uncertainty of investment/expansion

CAN YOU SURVIVE ON WAGES FROM 2009 IN TODAY'S MARKET?

FROM EMPIRE STATE RECYCLING COALITION

RAISES: STATE LEGISLATORS VS BOTTLE REDEMPTION CENTERS



NEW YORK IS FAILING SMALL BUSINESSES.
We are closing at alarming rates and need Governor Hochul or Speaker Heastie to take EMERGENCY action NOW!

WHAT'S NEXT?



Building a coalition of business stakeholders



Locking Arms with environmental initiatives and groups



Delivering a piece of legislation to key political leaders for passage in 2025.

BUILDING A BUSINESS COALITION

Bottlers/Manufacturers

Address (3) Key Concerns
Overlap concerns with other areas
Add incentives

Distributors & Initiators

Address (2) Key Concerns
Overlap concerns with other areas
Increase in Handling fee & deposit equals greater margin

Redemption Centers

Increase handling fee immediately and over time
Increase amount of redemption material
Incentives and grants for innovation and expansion

Technology Sector

Incentives and grants for innovation and expansion
Collateralized financing options for expansion
Ability to bid on state contracted initiators and recyclers

BUILDING A CIRCULAR ECONOMY WITH BUSINESS AND ENVIRONMENTAL GROUPS

NYPIRG

EMPIRE STATE RECYCLING

AMERICAN PLASTICS COUNSEL

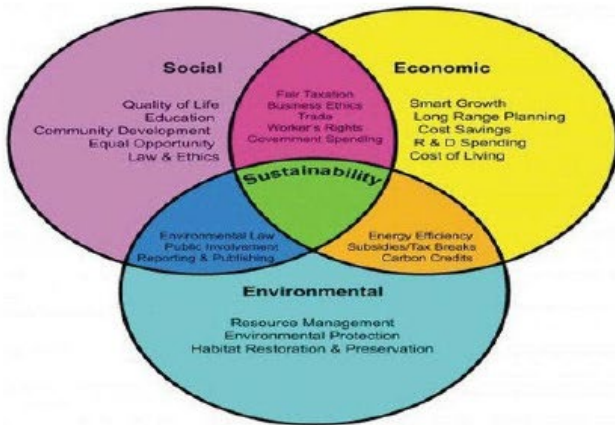
FRIENDS OF RIVERS & WATERWAYS

SUSTAINABILITY & PROMISE THROUGH THE CIRCULAR ECONOMY



- Economic – The efficient and responsible use of resources results in long-term profitability and business viability
 - Product life cycle management is what drives revenue on the redeemable side of our business. Our economic benefit is naturally tied to PLCM.
- Environmental – Reducing waste and carbon footprints while maximizing energy efficiency helps to reverse negative impacts on the environment such as pollution and global warming.
 - Leveraging PLCM with Quality Management Systems (QMS) both human and machine as a core competency and key advantage
- Social – A focus on initiatives like safety, wellness, and diversity and inclusion supports the creation of healthier communities that can sustain themselves
 - Non-redeemable containers and product are incentivized through action to increase material diversion rates. Participation in events to increase awareness as well as social messaging and advertising.

OUR FLYWHEEL ACTIONS LOCK ARMS WITH SUSTAINABLE OPERATIONS



THANK YOU FOR YOUR TIME!

PLEASE TAKE COPIES WITH YOU.

