



4361 Keystone Ave. • Culver City, CA 90232
Telephone (310) 559-7451 • Fax (888) 839-3857
www.container-recycling.org
www.bottlebill.org

March 11, 2024

Committee on Regulatory Reform
Chair Tyrone Carter, Majority Vice Chair Tullio Liberati, and Minority Vice Chair Mike Mueller
Room 519, House Office Building,
Lansing, MI 48933

Re: CRI Supports Michigan House Bill 5421

Dear Chair Carter, Vice Chairs Liberati and Mueller, and Members of the Committee,

We are writing in support of Michigan House Bill 5421, which would require dealers to have mandated hours of operation to provide convenient means of beverage container returns by consumers.

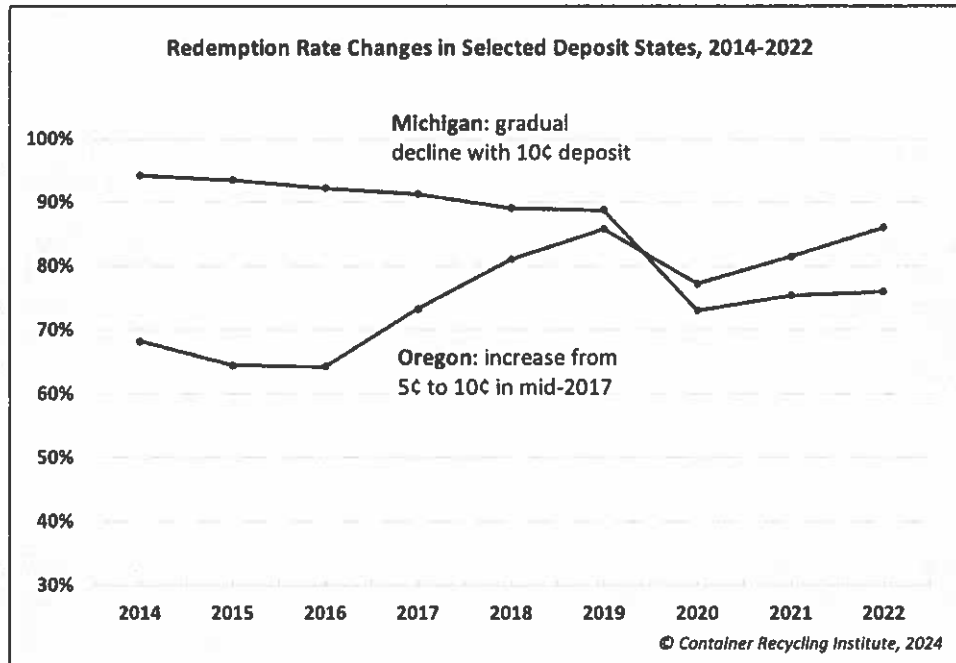
Prior to 2020, Michigan's beverage container redemption rate was **the highest** of the ten states in the US that have such programs. Michigan's redemption rate had been above 90% for 27 years.

In the last few years, the lack of participation in the program by some retailers has created a lack of consumer convenience and consumer participation in the state of Michigan. There have been many reports in Michigan of retailers refusing to participate in their legal obligations in the deposit return system. When some retailers fail to fully participate, it creates an unlevel playing field, where some retailers abide by their legal obligation to redeem containers, while others do not. The cooperating retailers may suffer a competitive disadvantage.

Michigan is the only state with a deposit return system (DRS) that solely uses return-to-retail, with no redemption centers. In 2020, the state's suspension of the retailer beverage container takeback requirement near the beginning of the COVID-19 pandemic meant a complete shutdown of the deposit program, leaving consumers with no options to redeem their bottles and cans. Although the state re-established the program over time, Michigan suffered the largest redemption rate drop in the country from 2019 to 2020 – a 16-point drop in its redemption rate, from 89% in 2019 to 73% in 2020.

In June 2021, the Michigan Department of Treasury issued a reminder to retailers with bottle return facilities of the requirement to take back beverage containers, with no COVID-related restrictions, suggesting concern over compliance. Despite these encouragements, Michigan has not recovered to its pre-pandemic redemption rates. The state's redemption rate has recovered slightly, to 76% in 2022.

In contrast, Oregon, the only other state with a 10-cent deposit for all of its containers, has had the largest recovery in its redemption rate since 2020, bouncing back from 77% in 2020 to 86% in 2022 (as reflected on the graph that follows). Oregon has now overtaken Michigan as the redemption rate leader in the United States.



Requiring retailers to accept containers during normal hours of operation is a straightforward way to increase consumer convenience.

CRI further suggests adding mechanisms to monitor and enforce the DRS program, as other states have done. For example, in Oregon, retailer compliance is routinely monitored by the Oregon Liquor and Cannabis Commission inspectors. New York state is also seeking more routine enforcement and recently established a statewide, multi-agency task force to help prevent fraud within the system. Connecticut passed legislation in 2021 that required more retailers to install reverse vending machines, and established grant funding to build new redemption centers. Lastly, California passed new legislation in 2022 and is developing regulations that will modernize all requirements related to dealer take-back, along with more stringent financial penalty amounts.

In sum, CRI strongly supports better, stronger convenience standards for Michigan's DRS program, in order to improve the state's beverage container redemption rate and achieve the economic and environmental benefits that come with that.

Please contact me with any questions you may have.

Sincerely,

Susan Collins
President, Container Recycling Institute

Cc: Representative Julie Rogers

About the Container Recycling Institute: CRI is a nonprofit organization and a leading authority on the economic and environmental impacts of beverage containers and other consumer-product packaging.