

March 29, 2023

Senator Stacy Brenner, Senate Chair
 Representative Lori Gramlich, House Chair
 Joint Standing Committee on Environment and Natural Resources
 100 State House Station
 Augusta, ME 04333

Testifying NEITHER FOR NOR AGAINST LD 134 *'An Act to Increase the Handling Fee for Beverage Containers Reimbursed to Dealers and Redemption Centers'* – As Amended

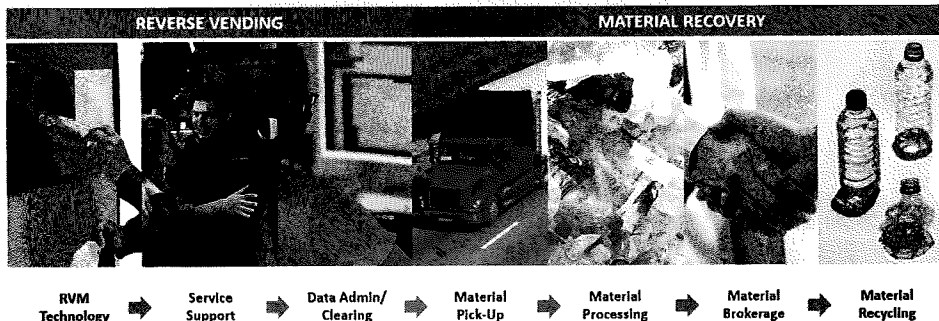
Chair Brenner, Chairman Gramlich, members of the Environment and Natural Resources Committee:

My name is Mike Noel, and I am a Director of Public Affairs at TOMRA. TOMRA is known for pioneering a range of technology and services for recycling and reuse systems, helping to reduce virgin resource extraction. We have over 50 years' experience operating in more than 40 jurisdictions with container Deposit Return Systems (DRS or "bottle bills"), including all ten U.S. states with deposit laws.

Thank you for the opportunity to submit testimony on the amended version of LD 134, *'An Act to Increase the Handling Fee for Beverage Containers Reimbursed to Dealers and Redemption Centers'*. TOMRA is commenting on an informational basis because, as a service provider to the beverage industry, retailers, redemption centers and the public, we have friends on both sides of the handling fee debate and ultimately, we have an interest in making sure any legislation results in a functioning deposit system.

Introduction to TOMRA

In Maine, TOMRA helps about 60 retail and redemption center locations automate the container deposit redemption process with Reverse Vending technology to make container deposit redemption more cost and carbon efficient. We also provide can and bottle pick-up and processing services on behalf of beverage distributors including operating a processing facility in Portland, ME (also known as Returnable Services Inc.) In deposit markets with refillable beverage containers, TOMRA Reverse Vending Machines are utilized to accept the containers and repay deposits. In addition, we provide state-of-the-art optical sorting technology Material Recycling Facilities (MRFs) use to improve the quality of recyclables handled by the curbside system, which will be integral to the success of the state's recently passed EPR for Packaging law. We operate in over 80 jurisdictions around the world.



Any adjustment to the deposit law needs to retain checks and balances

A redemption center in Maine is an entity that receives handling fee revenue from “deposit initiators” (typically beverage distributors) for their container redemption services. Since deposit initiators pay the handling fee for each container redeemed, the State has always made sure there are adequate checks and balances in place to verify the number of containers that a redemption center claims to have collected for each deposit initiator.

At first, all containers were collected and sorted by hand. A redemption center would hand off bags of containers separated by deposit initiator - and the deposit initiator or their contracted pick-up agent would verify the containers and number of bags visually upon pick up.

Then Reverse Vending Machines (or RVMs) were invented to automate the redemption process and reduce labor and transportation costs. DEP established rules to ensure RVMs were counting every container and verifying each container by scanning the barcode. When an RVM scans a container’s barcode, it checks the code against its database, identifying whether the item is a deposit item and which deposit initiator is associated with it so producers are only paying for the containers they sell. DEP also made sure RVMs could be subject to auditing.

Then producers came up with the concept of a commingling group to reduce the number of manual sorts. Here DEP said deposit initiators can have their containers sorted together. However, the checks and balances were kept in place. Deposit initiators or pick-up agents still provide oversight of the redemption center by verifying the containers and their count visually upon pick-up.

Then bag drop redemption service launched in Maine. For bag drop services, there is no verification or counting of the containers at the point of redemption. Consumers drop off bags of mixed containers from multiple different deposit initiators. The bag drop provider then picks up these containers and brings them to their own processing facility where they are baled or crushed. Then they will turn to the deposit initiators and say, ‘we collected this many containers of yours, please pay us the deposit and handling fee’. Since the containers have been processed, and no verification has taken place except by bag drop provider itself, DEP made sure that all containers collected in this way need to be verified by barcode scanning. That ensures that deposit initiators are only charged for the containers they sold and are not charged for non-deposit containers like food jars.

That is how checks and balances have been incorporated into every redemption method in Maine. There is a balance between consumer convenience, innovation and fair payments.

LD134 would undo this by waiving the requirement for redemption centers utilizing technology to verify every container’s barcode. This is not a minor issue. Each year we estimate that Maine’s bottle bill provides an exchange of \$85.5m in deposits and handling fees between redemption centers, stores (“dealers”) and deposit initiators. Given the state has a relatively high handling fee and is in the process of raising it substantially higher, it’s more important than ever to ensure accurate container verification and counting and checks and balances.

Thank you again for your time. I would be happy to answer any questions you may have.

Thank you,
Mike
Director, Public Affairs
TOMRA
Michael.Noel@TOMRA.com

ABOUT TOMRA

TOMRA was founded on an innovation in 1972 that began with the design, manufacturing, and sale of reverse vending machines (RVMs) for automated collection of used beverage containers. Today TOMRA provides technology-led solutions that enable the circular economy with advanced collection and sorting systems that optimize resource recovery and minimize waste in the food, recycling, and mining industries.

TOMRA COLLECTION

With an installed base of approximately 83,000 systems in over 40 markets, TOMRA Collection is the world's leading provider of reverse vending and clearinghouse solutions. Every year TOMRA facilitates the collection of more than 45 billion empty cans and bottles and provides retailers and other customers with an effective and efficient way of collecting, sorting, and processing these containers.

TOMRA's material recovery business includes the pick-up, transportation, and processing of used beverage containers in North America, as well as the subsequent brokerage of the processed material to recyclers. The revenue stream in this business area is derived from fees received from bottlers based on the volume of containers processed. Currently, TOMRA Material Recovery processes over 340,000 metric tons of containers annually.

TOMRA SORTING

TOMRA Sorting creates sensor-based technologies for sorting and process analysis within the recycling, mining, food, and other industries. TOMRA Recycling is a global leader in its field and has pioneered the automation of waste sorting for recycling. Its flexible sorting systems perform an extensive range of sorting tasks including separating plastics by polymer type for recycling. Currently TOMRA Recycling has an installed base of close to 5,960 units across more than 40 markets.