



More Bottles, More Jobs

A Survey of Redemption Centers in New York State

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Summary

The New York Public Interest Research Group (NYPIRG) conducted a survey of bottle and can redemption centers across New York State to explore how the 2009 revisions to the New York State Returnable Container Act, commonly known as the Bottle Bill, have affected these businesses. Survey results indicate that the revisions to the Bottle Bill, which included an expansion to bottled water and an increased handling fee, have led to the expansion of redemption facilities, job creation, and the opening of new businesses. These results suggest that expansion of the state's Bottle Bill to include additional beverages has the potential to create further growth in the bottle and can redemption sector.

Introduction

Enacted in 1982, the New York State Returnable Container Act, commonly known as the Bottle Bill, requires a 5-cent refundable deposit to be placed on eligible beverage containers. The program originally covered beer and soda sold in New York and was later expanded to include wine coolers. The law requires retailers who sell covered beverages to accept any empty containers back of products that they sell and refund the deposits. The law also requires beverage distributors to compensate retailers for the cost of collecting and recycling empty containers by paying them a small handling fee per container. In 2009, the law was expanded to include bottled water, and the handling fee was increased from 2 cents, which it had been set at since 1997, to 3.5 cents.

Over its 30-year history, New York's Bottle Bill has proven to be a highly effective means of diverting these containers from the waste stream, significantly reducing litter and increasing recycling rates. Between 1983 and 2007 (the most recent year for which the N.Y.S. Department of Environmental Conservation has reported statistics), the Bottle Bill achieved an average redemption rate of 73.1%, more than triple the rate of New York's curbside collection programs.ⁱ

While the environmental benefits of the Bottle Bill have been well-documented, less heralded have been the program's job creation benefits. The Bottle Bill created an estimated 5,000 new jobs in New York in the year after it went into effect, mostly in the retail sector to handle bottle and can returns.ⁱⁱ In addition, the handling fee required under the Bottle Bill spawned a cottage industry of entrepreneurial bottle and can redemption centers, where people can take back unlimited quantities of empty containers purchased from any location. Most of these redemption centers are small businesses, although some are run by nonprofits. In addition, many supermarkets have registered as redemption centers, offering customers the convenience of returning all their bottles and cans, even those products that are not sold there.

By the time the Bottle Bill was updated in 2009, many of the independent redemption centers were struggling to survive and some had been forced to shut down, as rising labor, space and utility costs eroded their slim profit margins while the handling fee remained stagnant at 1997 rates. It was anticipated that some of the changes made to the Bottle Bill in 2009, particularly the expansion to include additional beverage containers and the handling fee increase, would improve the economic viability of redemption centers and encourage more such facilities to open. The purpose of this study was to explore the impacts of the 2009 Bottle Bill updates on small redemption centers in the years immediately following the expansion.

Survey Method

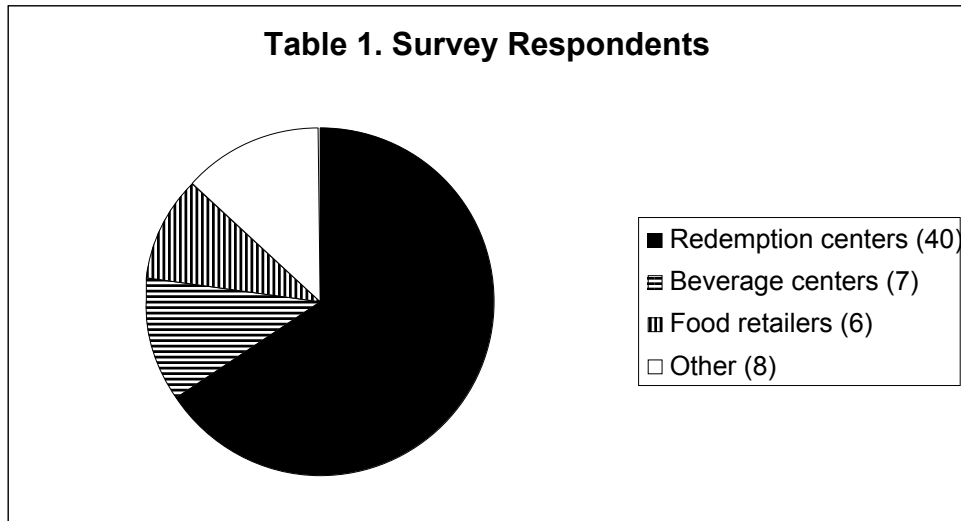
The N.Y.S. Department of Environmental Conservation (DEC) provided NYPIRG with a list of 842 registered redemption centers as of December 8, 2010. That list was then pared down to eliminate duplicate records and large supermarkets, as well as redemption centers for which insufficient contact information was available. Between December 20, 2010 and April 8, 2011, surveyors attempted to contact, via telephone, the 605 remaining redemption centers and conduct a standardized phone survey. Survey respondents were asked a variety of questions, including whether or not redeeming beverage containers was their primary business, how long their facility had been redeeming bottles and cans, and the impacts the recent changes to the law had had on their business. Respondents were also asked if they had any problems complying with the new law. In total, 61 telephone surveys were completed.

Results and Discussion

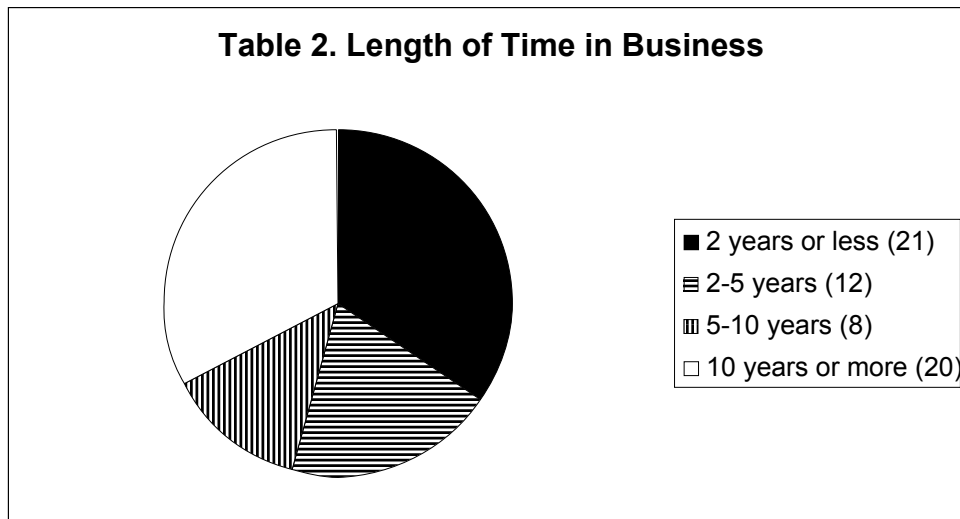
Description of Survey Respondents

Of the 61 survey respondents, 40 (66%) reported that bottle and can redemption was their primary business activity. Of the remaining 21 registered redemption centers, seven were beverage centers, six were convenience stores, delis, or small grocery stores, and the remaining 8

respondents represented a wide range of other activities (including non-profit groups, trucking companies and a racetrack) (Table 1).



A large portion of the respondents (34%) reported that their redemption centers had been operating for two years or less. Many of these indicated that they had opened up their businesses in response to the 2009 changes to the Bottle Bill.



Recent changes to the Bottle Bill have had a positive impact on redemption centers

Respondents overwhelmingly indicated that the 2009 updates to the Bottle Bill had a positive impact on their businesses. 88% of the respondents who had been in business prior to the 2009 revisions going into effect reported that the number of bottles and cans redeemed at their facilities had increased significantly due to the expansion to bottled water (Table 3). The same

percentage reported that the overall impact on their business from the recent changes to the Bottle Bill had been positive.

Table 3. Impacts on Business

| | | |
|---|----|-------|
| Has the number of bottles and cans redeemed at your facility increased significantly since the expansion to bottled water? | | |
| Yes | 35 | (88%) |
| No | 5 | (13%) |
| NA (open less than two years) | 21 | |
| Has the overall impact on your business from the recent changes to the Bottle Bill been positive, negative, or neutral? | | |
| Positive | 50 | (88%) |
| Negative | 1 | (2%) |
| Neutral | 6 | (11%) |
| NA/No Answer | 4 | |

Interestingly, there was little difference between respondents for whom redemption was the primary activity and the other survey participants. The vast majority (90%) of respondents who primarily redeemed bottles and cans reported that the changes to the bottle bill in 2009 had a positive impact on their businesses. However, 83% of the other respondents, including most of the beverage centers and food retailers surveyed, also indicated that the changes had been positive.

Many businesses opened or expanded as a result of the Bottle Bill amendments

As previously noted, a third of the redemption centers surveyed said that they had been in business for less than two years at the time of the survey. Presumably most, if not all, of these facilities were opened directly as a result of the Bottle Bill updates, which were adopted in March 2009. According to the DEC, the number of registered redemption centers in New York grew by 113 in 2009 and an additional 131 as of October 2010.

Nearly half of the businesses surveyed responded that their facility had expanded as a result of the recent changes. Of these, 13 reported that they had opened up one or more additional redemption centers or moved to a larger space, and others were contemplating it. In all, at least 39 new facilities had been opened by participants in this survey in the two years following the 2009 amendments, counting the start-up businesses.

Table 4. Business Expansion

| | | |
|--|----|-------|
| Has your facility expanded as a result of the recent changes? | | |
| Yes | 26 | (49%) |
| Planning to | 4 | (8%) |
| No/not yet | 23 | (43%) |
| NA | 8 | |

The 26 respondents who replied positively to the question about expansion were further questioned about job creation and employee benefits. Of this group, 14 indicated that they hired additional employees, adding at least 40 new jobs (Table 5). Eleven respondents said they raised employee wages, and six increased employee benefits such as health insurance.

Table 5. Job Creation and Employee Benefits

| Hired additional workers | | | Increased employee benefits | | | Raised employee wages | | |
|---------------------------------|----|-----|------------------------------------|----|-----|------------------------------|----|-----|
| Yes | 14 | 54% | Yes | 6 | 23% | Yes | 11 | 42% |
| No | 7 | 27% | No | 16 | 62% | No | 10 | 38% |
| NA | 5 | 19% | NA | 4 | 15% | NA | 5 | 19% |

While the survey sample size is too small to extrapolate potential job growth throughout the redemption center and retail sectors in New York, the results certainly indicate positive job growth and economic development as a result of the changes made to the Bottle Bill in 2009.

More improvements needed

The final survey question offered respondents an open-ended opportunity to provide comments on the nature of any problems they encountered complying with the new law. Two thirds of the respondents said they had had “no problems.” The outstanding concerns were split evenly between “redeemer confusion” – customers bringing back containers for refunds that are not currently covered under the Bottle Bill (such as juice bottles, iced tea, and sugar waters) – and problems with beverage companies, distributors, and third-party entities regarding pick-ups of empty containers and payments of handling fees.

Conclusion

The findings of this survey suggest that the 2009 revisions to the Bottle Bill have benefited redemption centers. Within the first two years, the Bottle Bill updates resulted in new businesses opening up, expansion of existing businesses, new jobs being created, and additional benefits for employees. More follow-up would be required to determine whether this early growth has been sustained, and whether some of the problems encountered by redemption centers with beverage companies, distributors and third-party entities have since been resolved. However the survey results do indicate that a further expansion of the Bottle Bill to include additional beverage containers would foster additional job growth and small business development in New York, while enhancing recycling opportunities.

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ⁱ [Beverage Container Deposit and Redemption Statistics \(for 10/1/06-9/30/07\)](http://www.dec.ny.gov/chemical/8500.html). New York State Department of Environmental Conservation. www.dec.ny.gov/chemical/8500.html

ⁱⁱ *The New York Returnable Beverage Container Law: The First Year*, Report of the Nelson A. Rockefeller Institute of Government to the Temporary State Commission on Returnable Beverage Containers, March 1985.