



June 5, 2024

Chairman David Bennett & Members of the House Environment and Natural Resources Committee
Rhode Island House of Representatives
82 Smith Street
Providence, RI 02903

Dear Chairman Bennett and Members of the House Environment and Natural Resources Committee:

On behalf of the Beer Institute and the 6,800 Rhode Islanders who make a career working in the beer industry, I write today in opposition to H.8312, a proposal to implement a new bottle deposit law. The Beer Institute is a national trade association representing the interests of brewers, beer importers, and industry suppliers across America.

As you know, in 2023 the legislature saw fit to establish a special joint legislative commission to study and make recommendations relating to a bottle deposit system in Rhode Island. However, while that commission continues to meet and discuss the issue, this legislation is being advanced in the final weeks of the legislative session before any recommendations have been put forward.

Under this proposal, packaged beer will cost consumers a minimum of \$2.40 more per case for those who do not return their recyclables for redemption. The legislation further burdens consumers by forcing them to bring their products to a local redemption center. The Producer Responsibility Organization (PRO) may also establish an additional handling fee, increasing the price for consumers even more. Based on existing deposit return systems, a handling fee of 2.5¢ per container is a conservative estimate that would increase consumers' costs by an additional \$0.60 per case. If both fees are implemented, consumers will pay approximately \$6.7 million more for beer each year.

Packaged beer sales are projected to decline by over 72,000 cases annually, resulting in a decline in retail sales of \$3.7 million. More importantly, these sales losses are understated since Rhode Island consumers can easily buy beer in Massachusetts (lower deposit) or Connecticut (lower handling fee if PRO sets handling fee over 2.5¢). To avoid an increase in price and to avoid the redemption requirements, Rhode Islanders may be pushed to cross state lines to purchase their products – resulting in a loss of beer and other revenue sales in the state.

Additionally, we've seen other states in the region have a large problem with fraudulent redemptions. For example, the New York State Department of Environmental Conservation has estimated the impact of fraud in their state to reach tens to hundreds of millions of dollars¹. With frequent interstate travel between Rhode Island and other states in the region and considering that the redemption rate proposed by this legislation is higher than every other state in the region except for Connecticut, fraudulent redemptions could be a large problem.

Furthermore, this bill would impose unrealistic standards relating to reuse, redemption, and recycled content, including postconsumer recycled content and reusable container requirements that may not be attainable for the beer industry.

The beer industry is vital to Rhode Island's economy, accounting for \$1 billion in total economic output and 6,800 jobs in the state. We urge the legislature to reject this proposal that would cause significant harm to the industry through increased consumer costs, lost jobs, increased fraud, and unrealistic mandates.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Crawford".

Brian Crawford
President & CEO
Beer Institute

¹ <https://dec.ny.gov/news/press-releases/2023/10/dec-to-lead-multi-agency-effort-to-investigate-bottle-bill-fraud>