



**Indiana Interim Study Committee on Environmental Affairs
Testimony on Glass Beverage and Food Container Recycling
September 25, 2014
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On behalf of the Glass Packaging Institute (GPI), I am pleased to provide the following testimony and related information on glass beverage and food container recycling for Indiana.

GPI is the North American trade association for the glass container manufacturers, glass recyclers, and suppliers of materials, equipment and transport to the industry.

Indiana is home to the U.S. headquarters of the country's largest glass container manufacturing company, four glass container manufacturing plants, five glass recycling facilities and one machine shop. Collectively, these facilities employ just over 2,000 residents. Our attachment details the locations of these facilities. Outside of California, no other state is home to more direct glass container and glass recycling jobs.

The glass container manufacturing plants in state provide high-paying jobs to their employees. It is not uncommon for the plants to have career and life-long employees, sometimes reaching back four generations.

GPI's members recognize the importance of supporting sustainability initiatives including conserving energy, saving raw materials, reducing air emissions (including NOx, SOx, PM and greenhouse gases such as CO2) and being fully committed to "Reduce / Reuse" in all aspects of plant operations e.g. water, cardboard, lubricants, electricity, etc.

When glass plants can increase the levels of recycled glass as part of the overall batch mix, they can reduce furnace temperatures, resulting in reduced energy use and lower greenhouse gas emissions. This is also true of other packaging and manufacturing industries. For glass, one ton of carbon dioxide is reduced for every six tons of recycled container glass used in the manufacturing process. Energy use at the glass plants also drop about 2-3% for every 10% recycled glass used in the manufacturing process.

Based on the forgoing, it should come as no surprise that GPI member companies are strongly impacted by the outputs of the municipal solid waste (MSW) and recycling streams. A top priority for GPI is to divert and recycle glass containers to ensure that as many as possible are re-melted in the production of new glass containers.

GPI has established a 50% recycled content goal for the manufacture of new glass containers. Success in achieving that goal is largely dependent on the strength of the recovery systems that generate recycled materials purchased by our industry. GPI estimates that roughly 65-80% of recycled glass comes from the 10 states with beverage container recycling refund programs.

A prime reason for the success of these programs is that collected containers are kept separate from other recyclables, drastically reducing contamination and providing them the best opportunity to become a new container again. Accordingly, GPI members are vigorously engaged at the local, state and federal levels to improve collection systems, the usability of quality of recyclables for manufacturers and better link collection systems with end markets.

The glass container industry understands that the state of Indiana is serious about its commitment to recycling. Recently approved legislation, House Bill 1183, creates a 50% recycling goal for its MSW stream. As many of the Indiana cities have established single stream (one-bin) programs for collection of recyclables, we have outlined an opportunity for the Interim Study Committee to consider, as they seek effective ways to increase overall collection of recyclables, in addition to beverage containers.

It should be noted that the current estimated MSW recycling recovery rate for Indiana might be as low as 10%. A 2012 Purdue University Study that researched this issue estimated that 8.6 million tons of MSW is landfilled each year. This translates into an estimated 3 billion glass, aluminum and plastic beverage container landfilled in Indiana annually. The commodity feedstock pricing for these recyclables are worth an estimated \$60 million to the manufacturing industries seeking to purchase them for reuse in new glass containers and other manufactured products.

Recycled glass is used daily in the Indiana glass container manufacturing plants. That being noted, the vast majority of the recycled glass being purchased and re-melted to manufacture new containers at the four Indiana glass plants is not collected locally or in-state. It is purchased from recycling programs out of state, processed, and transported at great cost to the Indiana glass container manufacturing companies. Improving recycling programs within Indiana could potentially bring the purchasing power and positive economics of the glass recycling supply chain into the state.

Recycling Option for the Environmental Study to Consider

The Environmental Study Committee is tasked in part with preparing and providing a report for the state legislature, highlighting options and avenues that can improve recycling in-state. GPI believes that all viable options to improve the recycling and subsequent recovery of materials for Indiana manufacturing facilities should and can be reviewed.

To that end, the Glass Packaging Institute (GPI) released a Study earlier this year, examining some elements of both beverage container recycling refund systems and single stream recycling programs. As all ten states with beverage container recycling refund programs also have single stream operations for curbside recyclables in place, GPI wanted to better understand how these programs worked together.

The “Optimized Bottle Bill” (OBB) Study, found that working together, single stream collection systems and beverage container recycling refund programs have the potential to increase overall statewide recovery of recyclables by at least 11%, while at the same time, increasing recovery rates of included beverage containers by 162%.

As sustained funding for recycling and solid waste programs in all states and counties remain a top priority, the OBB Study also examined the potential fiscal impact to each.

To be clear, the structure of the OBB is not that of a typical bottle bill program, nor does the Study contain prescriptive legislative language to readily implement one. Instead, the modeling developed provides the possible elements of a recycling system that is beneficial with respect to usable recyclable materials, and is compensatory to those involved in recycling operations that handle both single stream and beverage container deposit materials.

The Study found that if unredeemed deposits from those containers not returned for recovery were reinvested into the recycling infrastructure, then OBBs might increase recovery while also creating a sustainable funding source for recycling.

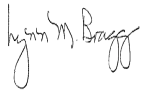
As recyclable sorting facilities (often referred to as Material Recovery Facilities or “MRFs”) and communities experience a reduction in material and thus material revenue, OBBs experience system-wide funding equality by returning otherwise reduced revenue to MRFs and, through those MRFs, to communities. In other words, the OBB Study anticipates this revenue loss within the single stream collection system, and its modeling repays the impacted players by refunding a portion of the unredeemed deposits to them.

Through an appropriate administrative and revenue funding structure, Indiana has the potential to create a sustainable and successful recycling program. The complete Study and Executive Summary can be accessed on the GPI website:

<http://www.gpi.org/advocacy/recycling-energy-policies>

GPI would like to thank the Study Committee for consideration of recycling issues for the state. Please consider GPI and its member companies a resource and advocate for recycling related issues.

Sincerely,

A handwritten signature in black ink that reads "Lynn M. Bragg". The signature is written in a cursive style with a large initial "L" and "B".

Lynn M. Bragg

President