



April 22, 2013

The Honorable Glenn Hegar
Chairman, Subcommittee on Fiscal Matters
Senate Committee on Finance
Room E1.036
Austin, TX 78768

Testimony in Support of Texas Senate Bill 645

Dear Chairman Hegar:

On behalf of the Glass Packaging Institute (GPI), I am pleased to provide the following testimony and support for Senate Bill 645, which would create a container deposit refund and recycling program for Texas.

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

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 and recycling streams. A top priority for GPI is to divert and recycle glass containers currently in the Municipal Solid Waste (MSW) stream, and to ensure that as many containers 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 more than 65% of recycled glass comes from the 10 states with beverage container 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 return to a manufactured product. Accordingly, GPI members are vigorously engaged at the local, state and

federal levels to improve collection systems, improve the usability of quality of recyclables for manufacturers and better link collection systems with end markets.

Through the creation of a container deposit refund program for most types of beverage containers, Senate Bill 645 has enormous potential to increase the recycling recovery rate within Texas, assisting in important reductions in energy use and emissions levels for in-state and nearby manufacturers. Further, adoption of Senate Bill 645 means that billions of dollars worth of aluminum, PET and glass beverage containers that currently end up in Texas' landfills or as highway or waterway litter each year will be recovered, and sold in the commodities markets.

The glass container industry operates two plants in Texas, and also has in-state glass recycling and processing capability. There are also several glass container plants located in the Midwest. Accordingly, there is already a ready and robust market for Texas' recycled glass and, while we don't speak for aluminum and PET we do know that the market for recycled aluminum and PET is every bit as strong.

Importantly, Senate Bill 645 establishes a consortium to oversee the program, providing this organization the flexibility needed to adjust it over time, to ensure both solvency and effectiveness. The most recent Texas recycling rate for beverage containers is roughly 18%. With a container deposit refund program in place, a high level of recycling is achievable, as states with these programs often achieve recovery rates of 80% and better.

GPI and its member companies are focusing on a variety of collection programs to get glass containers back to our plants. A key element that all of these programs share is the separation of the recyclables collected, which our industry has found greatly increasing the opportunities for their eventual reuse in the manufacturing process.

When evaluating recycling data presented in support of curbside collection it is very important to remember that such recycling data almost always means "collected" not actually recovered and recycled. In contrast, and as we mentioned earlier in this testimony, the vast majority of glass collected through refund programs remains contaminant-free, able to be purchased by glass recyclers, and eventually, container manufacturers. This is also true for aluminum and PET beverage containers.

The most successful and robust beverage container refund programs not only provide environmental and energy related benefits, but may also contribute to increased employment in the greater recycling industry. A recently issued report by the Container Recycling Institute (CRI) found that, depending on system parameters, these programs create 11-38 times more jobs than a curbside recycling system for beverage containers. (Morawski and Morris, Returning to Work: Understanding the Domestic Jobs Impacts from Different Methods of Recycling Beverage Containers, December 2011)

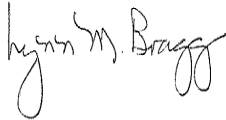
Additionally, the CRI report finds that, ton for ton, beverage container refund programs create at least five times more jobs in container collection, sorting and transport than in garbage collecting, hauling and landfilling. The CRI Report concluded that the principal reason beverage container refund programs create more jobs is that they recover more of the "target" material. On average, states with these programs recover three times more beverage containers, than states without these programs (76% vs. 24%.) In addition, a recent CRI study showed that not only do the 10 bottle bill states provide the

vast majority of recovered beverage containers they also recover almost as much other recycled materials as the other 40 non bottle bill states combined.

Unlike beverage container refund programs, curbside and drop-off programs do not have a demonstrated ability to reduce litter from public areas. However, curbside and drop-off programs can collect a broader spectrum of materials, and therefore work in conjunction with beverage container refund programs to achieve a greater overall improvement in recycling. Additionally, the wear and tear on capital-intensive sorting and processing machines at recycling recovery facilities can be greatly reduced if a portion of covered beverage containers are removed from the process.

GPI would like to thank the Committee for consideration of this critical legislation to increase beverage container recycling rates. Please consider GPI and its member companies a resource and advocate for recycling related issues.

Regards,

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