



*January 26, 2022*

The Honorable Michael Webert  
Chair, Agriculture Subcommittee  
Agriculture Chesapeake and Natural Resources Committee  
Virginia House of Delegates  
1000 Bank Street  
House Room 2  
Richmond, VA 23219

**Re: Testimony for House Bill 826**

Dear Chair Webert & Members of the Committee:

On behalf of the Glass Packaging Institute (GPI), I am providing information and comments relevant to House Bill 826, legislation to create a beverage container deposit recycling program for Virginia.

GPI is the North American trade association for the glass food and beverage manufacturing companies, glass recycling processors, raw material providers and other supply chain partners within the industry. GPI operates out of Arlington, Virginia, and its members work closely with local and state governments throughout the country on issues surrounding sustainability, recycling, packaging manufacturing and energy use. GPI has been working to support and expand the glass collection programs in Northern Virginia that are needed because of the general under-investment in proper glass sorting and cleaning equipment in most of the state's material recovery facilities (MRFs) and the overly generous allowances for landfill companies in Virginia to use glass as alternate daily cover and get diversion credit for that glass.

**Glass Container Recycling Background**

Glass is a core, circular packaging material - reusable, refillable and endlessly recyclable. Public sentiment and surveys consistently place glass near the top of all recyclable packaging, understanding its recyclability, and as important, expressing a desire to continue glass recycling and keep it out of the landfill.

The glass container manufacturing industry has a significant stake in the effectiveness of glass recycling programs. For every 10% of recycled glass included in the manufacturing process, energy costs can be reduced 2-3

percent, with additional corresponding reductions in greenhouse gas emissions for every 10 percent recycled glass remelted to make new containers.

The glass container industry is serious about utilizing recycled glass as part of our manufacturing processes. The U.S. glass container industry purchases about 2.1 million tons of recycled glass each year and the average bottle or jar produced in the U.S. contains 1/3 recycled glass.

### **Glass Container Manufacturing Presence in Virginia**

The glass container industry operates two glass container manufacturing plants in Virginia – O-I Glass in Toano (greater Williamsburg area) and Ringgold (greater Danville area). These plants collectively produce millions of glass bottles and jars daily, in support of nearby food and beverage customers, employing over 300 men and women in high-paying, benefits-provided careers. Both of these plants utilize recycled glass as a critical part of their batch mix input, assisting them in reducing greenhouse gas emissions and energy use. Unfortunately, due to the lack of proper glass sorting at the state’s MRFs, most of the clean glass used in these plants has had to be imported from out of state, until newer and recent glass collection programs in Northern Virginia, and new initiatives in Charlottesville and O-I’s Glass for Good program in communities near their plants came into existence.

### **Container Deposit Refund Recycling Programs**

Glass bottles redeemed through the country’s 10 container deposit recycling refund programs are part of a critical supply chain in the manufacture of glass containers. They have high glass container recovery rates, are generally free of contaminants, and in high demand by glass container manufacturers. Across all U.S. plants, over 60% of the recycled glass purchased by industry to make new bottles and jars originates from these programs.

Quality and contamination are the key determiners of the value and potential end-markets for recycled glass. The separation drastically reduces contamination, increases value, and provides the best opportunity to return the glass to a manufactured product, so bottles may avoid the fate and costs associated with landfill disposal.

### **Comments Specific to Virginia House Bill 826**

The lack of glass recycling infrastructure in Virginia lends itself to a container deposit system being extremely successful at elevating the state’s glass recycling success. Because of the long-standing concerns in the retail community and by end-market customers about certain aspects of container

deposit programs in other states, GPI has testified in Maryland and elsewhere recently that if a state is looking at a container deposit program, we highly recommend the Oregon model.

While House Bill 826 shares many of the qualities that GPI and its members support in other container deposit recycling refund programs (industry oversight and direction being primary ones), we have significant concerns regarding a scheduled fee included within the Producer Responsibility Organization (PRO). Producers should be provided the ability to negotiate their terms for joining a PRO, instead of being required to adhere to an already prescribed EPR fee, as outlined in the legislation. This would be fairer to the producers, brands and others scheduled to provide program funding.

*Section C of 10.1-1425.42 - Producer Responsibility Organization* in the legislation would require the PRO to charge a fee (to be determined) to the importers, distributors and similar entities based on the amount of covered beverages sold in the state. This fee would be required to cover an enormous amount of redemption-related infrastructure and investment for the program but would not be shared in an equitable fashion across industries.

As drafted, the fee would be based upon the “scrap” value of the covered container. While scrap value is not defined in the legislation, it is likely that brands utilizing covered glass containers would be required to pay substantially more into the program in contrast to other covered container types. Packaging industries generally run high-volume, tighter-margin businesses, and higher fees for one covered package over another would provide an unfair incentive for our members’ customers to switch out of glass.

For perspective on scrap value, it is important to recognize that in Virginia, curbside glass material primarily flows through single-stream MRFs, are recycled back to manufacturing end markets at very low levels and are dependent on the capabilities of the facility receiving the material. Much of the “glass” delivered from these facilities contains north of 40% percent non-glass-residue, solid waste (trash) and other non-recyclable materials.

As such, the scrap value of glass within the state remains low (or even negative) as the poorly sorted “glass” has difficulty meeting industry specification standards, and as such, sees a much lower scrap and end market value. We ask that the legislation be amended, and that the scrap value determination (and its corresponding fee structure) be removed.

GPI and its members look forward to future discussions with the legislature, their staff and industry stakeholders to craft a fair and effective container deposit recycling refund program.

Thank you for your consideration of our testimony.

Sincerely,

A handwritten signature in black ink that reads "Scott DeFife". The signature is written in a cursive style with a long horizontal stroke at the end.

Scott DeFife  
President