



NJ Gasoline, C-Store, Automotive Association
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To: New Jersey Senate Environment and Energy Committee
From: Eric Blomgren, Chief Administrator & Director of Government Affairs
New Jersey Gasoline, Convenience Store, Automotive, Association

Re: Oppose S-3147 “Beverage Container Deposit Act”

The New Jersey Gasoline, Convenience Store, Automotive Association represents mostly small businesses who we feel will be seriously burdened by the implementation of this bill.

Part of our concern is about costs; at a time of high food prices, making some of our products more expensive upfront is a concern. Many consumers will not be bothered to bring some or all of their containers back to stores, and even if they do, they will only be breaking even after expending time and effort. It is an even bigger concern if there are to be higher costs on the manufacturers and distributors to print these bottles and track the deposits and redemptions; they would certainly pass that cost on in the price of the product. Credit card fees are also a concern, even though the credit card fee for the 10¢ deposit fee is a fraction of a penny per container, added up it would be hundreds of dollars per year at even small c-stores. Retailers work on slim margins to begin with, and increasing the cost of any product by even a few cents is something to be avoided.

But much worse than the cost increase is the burden of the redemption process to these small retailers.

The entire point of a convenience store is, ultimately, *convenience*. Customers want to be in and out of the store as fast as possible, and the owners of the store want that too. Customer surveys have found the typical c-store customer is only inside the building for under 4 minutes. The business model is grab and go, there is limited parking, some of the customers want to be back to their car with their purchase before the gas pump clicks. Often there is just one employee manning the register, restocking the shelves, cleaning up spills, all while keeping an eye out for shoplifting.

Under this new program there would now be a line building up at checkout so a clerk can sort through a garbage bag of used, dirty and unsanitary containers; removing, inspecting, and scanning them individually, then handing the customer some change, and then handling the next customer’s food products. Retailers are required to accept up to 250 containers per customer under the bill.

The bill mandates that everyone selling a beverage container also offers a reverse vending machine on-site. New York state only requires reverse vending machines at retailers that are part of a chain,

as does the recent Connecticut law. Buying one of these outright costs several thousand dollars upfront (\$10,000-\$25,000). According to the Census Bureau there are about 2,500 convenience stores in the state, not to mention grocery stores and pharmacies. Such a surge in demand could also increase the costs of these machines dramatically. Different machines handle different types of containers, and the used cardboard containers that are covered in this bill do not seem to be covered by any, meaning they would all need to be counted out by hand. Anytime these highly complex machines break down, the store clerk must now handle the returns by hand until a tech can fix it. Depending on the volume of returns (which is not related to sales volume since the store must accept containers bought elsewhere), a store would need to either sacrifice more money and space for additional machines, or more staff just to maintain and empty out the machine or else to service returns directly.

Convenience stores are by their nature small establishments, and every square foot they have needs to be monetized in order to stay in business. There is not the space to temporarily store dozens of empty bottles and cans waiting to be deposited in the recycle container outside—which now must be locked and monitored in order to prevent people from stealing the containers so they can be redeemed again. Unless the owner wants to expose their expensive reverse vending machine to the elements, that too will take up much needed space.

Stores are bound not to accept containers if they reasonably believe they were not sold in the state, and they will be fined if they do accept them, and forced to repay the deposit, after having already paid out the 10¢ to the customer. If they inadvertently accepted a return from out of state they also run the risk that the distributor will not accept the bottle and so they will not be reimbursed the deposit they paid out. Under these risks there will need to be an effort for store employees to potentially get into arguments and confrontations with people who want to turn in bottles from other states. Given that the NJ deposit rate would be twice the NY rate this is a real risk.

The program also creates yet another record keeping burden for the small business owner, in which they will have to detail all of the containers they purchase, sell, collect back from consumers, and then give back to the distributor.

The bill also states that metal beverage containers “shall not have any part that becomes detached from the container when opened”. That language would seem to cover the tabs used to open soda cans, which could effectively prevent beverages in cans from being sold in the state, which would of course be a massive burden to the consumers who want to purchase them.

Another issue with the bill is that it will explicitly define a dealer as anyone with a vending machine. A neighborhood auto repair shop that has a vending machine for its customers to serve themselves would therefore be expected to accept the return of bottles sold elsewhere and install a reverse vending machine. Some gas stations do not have a full c-store but only a small kiosk, or

they have a repair shop but also one or two vending machines for travelers. Beyond these industries, locations like hospitals, schools, and office buildings that have soda vending machines will also need to install a reverse vending machine and have staff to accept returns if the reverse machine is out of order.

There is also no meaningful, real and reliable income stream to cover the cost of all the burdens being placed on a small business by being accepting returns. Several other states pay dealers a fee of several cents per container that is returned to them, on top of reimbursing them for the original deposit. All this bill has is a promise that down the road, a portion of unclaimed deposits will be divvied up and sent out to them. No one can know how much that money will be per year. It is also a backward system, since the more containers returned overall, the less money will be available. Most importantly, our state Supreme Court has made clear that the Legislature's annual budgetary process is the supreme law of the land, and overrides all promises of dedication being in this bill. It is likely that most or all of the unclaimed deposit money left over will be transferred to the general fund and used for other purposes.

Many of these problems could be addressed simply by making redemptions a voluntary opt-in for retailers, or at least for small businesses under 10,000 square feet. Those retailers that have the capacity will choose to opt-in to service their customers, and those that cannot make it work would not be burdened.

Better still would be to educate consumers on the current and effective curbside recycling system they already have access to, but may not be engaging in. After all, the beverage containers being sold are specifically being sold for consumption off premises. If there is going to need to be an educational program either way, the State should focus on getting more consumers to utilize the existing, effective recycling infrastructure rather than creating a whole new one.

I ask that you not move forward with this bill. Thank you.