

~~14942~~

116802

U.S. GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

FOR RELEASE ON DELIVERY
Expected at 9:00 a.m., EST
Thursday, November 5, 1981

STATEMENT OF
ARTHUR J. CORAZZINI
DEPUTY DIRECTOR
PROGRAM ANALYSIS DIVISION
BEFORE THE
SENATE COMMITTEE ON
COMMERCE, SCIENCE AND TRANSPORTATION
ON
"NATIONAL EFFECTS OF A BEVERAGE
CONTAINER DEPOSIT LAW"



116802

Mr. Chairman and Members of the Committee:

I am Arthur Corazzini, Deputy Director of the Program Analysis Division in GAO and I am here to discuss the results of a 1980 GAO study which assesses the potential effects of a national beverage container deposit law.

Any study of this subject must be based on certain assumptions about consumer and industry behavior because there has not been a 100-percent deposit system in this country in more than 40 years. For our study, we have assumed that all deposit containers will be returned at a 90-percent rate, that the container mix under a national law will be 50 percent refillable bottles, and that there will be a temporary lull in sales growth. These assumptions have been borne out by continued experience in Oregon and Vermont and new laws in Michigan and Maine.

019094

Using these assumptions in our analysis, we arrived at the following conclusions.

--We found that both litter and solid waste would be reduced by a national law. This would result because many beverage containers which previously had been discarded would be returned for reuse or recycling.

--Specifically, we estimated that beverage container litter would be reduced by approximately 80 percent. This means that if container litter comprises 25 percent of all litter, there would be 20 percent less litter than without a law.

--Solid waste would be reduced by about 4 percent by weight because of the increased reuse and recycling of beverage containers.

The benefits of reduced litter and solid waste are difficult to express in financial terms. Some estimates can be made of reduced litter pickup costs and of the decreased pressure on landfills. The real social value of a reduction in litter is in the aesthetics of unlittered surroundings, a value which is difficult to quantify.

In addition to these positive results of a national law, several other effects would also occur. Some of these can be classified as further benefits of a national law, while others are seen as the costs of achieving the benefits of reduced litter and solid waste.

First, energy use in the beverage industry would fall, as would the use of raw materials. For example, we estimated a 33 percent reduction in industry energy consumption, or about 117 trillion Btu's.

Second, industries, revenues also would increase because of unclaimed deposits and scrap material sales. Unclaimed deposits alone are approximated to be \$439 million above the no-law conditions, while recycling revenues are

estimated to be about \$265 million. These two revenue sources attributable to a national law total \$704 million.

Third, a change to 100-percent deposit containers would require industries to increase their storage facilities and labor to handle the fourfold increase in empty containers returned for deposit redemption. When this change was combined with the expected change in container mix, GAO estimated a first-year increase of \$688 million in incremental industry costs. (These are 1974 dollars.)

That concludes our testimony. Mr. Lamar White, of our staff is with me today and we will be glad to answer any questions.