100 State Street, Suite 400
Albany, NY 12207

518-434-1262
NFIB.com

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New York State Senate and Assembly Committees on Environmental Conservation Hearing on Bottle Bill

Testimony submitted by Ashley Ranslow, New York State Director for the National Federation of Independent Business (NFIB)

NFIB is a member-driven organization representing close to 300,000 small businesses across this country and over 11,000 in New York State.

NFIB members are the businesses that define our neighborhoods and strengthen our communities with character and value: local hardware stores, independent restaurants, florists, barbers, dry cleaners, convenience stores, farmers, roofers, landscapers, mechanics, and fitness and retail boutiques.

There are close to 500,000 small businesses with employees in New York. These businesses employ half the state's private-sector workforce, nearly 4 million New Yorkers, and their production accounts for nearly half of the state's GDP. A strong, vibrant small business eco-system supports local tax bases, governments, and schools. Sixty-seven cents of every dollar spent at a local small business is reinvested into the community.

It's well established that small businesses are local job creators and the bedrock of the state and regional economies. These neighborhood employers still face unprecedented challenges post-COVID, including record inflation, supply chain disruption, rising utility bills, unnecessarily high state Unemployment Insurance taxes, and an exodus of workers from the labor force. After years of immense financial hardship, these small businesses in your districts and hometowns should be valued and celebrated as you consider any new laws or regulations that make it more difficult or expensive to do business in New York.

While it is a laudable goal to increase recycling opportunities, there are substantial problems with the existing bottle bill; therefore, expansion is neither prudent nor practical. Furthermore, proposals to expand the bottle bill fail to consider the significant financial and compliance burden for small businesses that sell bottled beverages. Extending New York's bottle deposit fee to wine, liquor, distilled spirits, ciders, and additional carbonated and noncarbonated beverages will significantly impact existing beverage retailers while also creating new burdens for liquor stores, small wineries, and independent distilleries. Small restaurants, convenience stores, liquor stores, and craft beverage makers will experience new and increased cost, regulatory, and sanitary burdens while consumers will be saddled with higher retail beverage costs across the state.

When bottle deposit laws were first pursued and enacted in New York and across the country, there was limited access to recycling programs. Now, more than 90 percent of Americans have access to bottle recycling programs and beverage container litter has been reduced by 70 percent in New York State. The success of New York's bottle deposit program has not come without significant problems, including fraud, the failure of third-party pickup services to pick up on time with prompt payment to beverage redemption centers and retailers, and storage and sanitation challenges. These challenges must be addressed before expansion is contemplated.

Expanding New York State's "bottle bill" proposal will cause particular harm to smaller beverage retailers and convenient stores by exacerbating the cost and regulatory compliance factors, as well as further burdening the small stores that already have bottle return containers and are swamped with returned bottles awaiting pickup that is unreliable. The expansion to capture additional beverage bottles would make the problem significantly worse. Under this proposal, independently owned restaurants will not only need to collect and store beer bottles, but also wine, liquor, and juice bottles, tripling the number of containers to store. Small establishments simply do not have enough space. Additionally, it will be nearly impossible for restaurants and liquor stores to keep track and separate bottles by distributor or manufacturer. These are unattainable and costly hurdles for small businesses to overcome.

Moreover, liquor and package stores are among the most over-regulated businesses in the state, extending bottle deposit and retention requirements to liquor stores will further disadvantage these small businesses by forcing them to hire and train additional staff as they face increased competition from online and out-of-state retailers.

There is legislation calling for increasing the fee paid by deposit initiators from 3.5 cents to 6 cents (in addition to the refund value of the container) to the dealer or operator of a redemption center. While this fee increase is intended to provide some additional cost relief to dealers and redemption centers, it simply increases the cost of bringing beverage products to market. That tax increase is passed on to consumers across New

York at a time when more than eight in ten New Yorkers cite the cost of living as a major problem.

Expansion of New York's bottle bill is unnecessary at a time when current bottle return policies are effective. Proposed expansions create new regulatory, compliance, and sanitary burdens on small businesses, and increases consumer costs by levying a new tax. At a time when small businesses continue to struggle and contend with unrelenting financial headwinds, New York should not pass legislation that is yet another example of our state's onerous regulatory environment. This legislation is in direct conflict with any efforts to encourage small business growth and recovery in New York. Instead, the Legislature should focus on ways to support small business and make the state more hospitable to the Main Street businesses that are essential to our economy and communities.

Thank you for the time and consideration.