

ASSEMBLY ENVIRONMENT & PUBLIC RESOURCES COMMITTEE

MINUTES

DATE: Friday, May 2, 1975

MEMBERS PRESENT: Chairman Bremner, Messrs Coulter, Price Jacobsen, Weise and Heaney;

MEMBERS ABSENT: Messrs Banner, Jeffrey and Chaney

GUESTS: David Hagen, U.S. Brewers Association;  
 Nancy Irvin;  
 Lesley Gray, attorney for Magna Power;  
 Roland Westergard, State Engineer;  
 Jack Cardinale, State Engineer's office;  
 Bob Alkire, Kennecott Copper;  
 Ernest Gregory, Health Department;  
 Mathew Fiertag;  
 Joe Midmore; soft drink industry;  
 Walt Martini, Nev. Beer Wholesalers, Assn;  
 George Finn;  
 Karen Hayes, Assemblyman;

AB34

Chairman Bremner called the meeting to order at 3:35 p.m. Mr. Weise asked that a letter from Jeff van Ee regarding the proposed "bottle bill" be inserted in the committee member's minute books. (Exhibit "A").

The next order of business to come before the committee was SB 158, making geothermal resource development subject to regulatory control of the state engineer. Discussion on this bill was a continuation from Wednesday, April 30, when Mr. Lesley Gray, representing Magna Power and Mr. Westergard were asked by Chairman Bremner to attempt to reach some agreement on their mutual problem. Mr. Gray stated that though he and Mr. Westergard had met, no compromise was reached and that during the next two years, they would work with the advisory committee to help work out regulations relating to geothermal exploration. Mr. Westergard agreed with Mr. Gray in that SCR 28 is a good idea during the interim. SCR 28 has been approved by the committee.

Discussion was held between Mr. Gray and Mr. Weise as to Mr. Westergard's reasons for not appropriating waters to Mr. Aidlin's project. Mr. Gray stated that Mr. Westergard stated that the heat extraction process of geothermal development is an appropriation of the waters of the State and though Mr. Gray doesn't completely understand it, he agreed that Mr. Westergard had been "in the game" much longer than he and that if their process affects the ground waters, Mr. Westergard will not even grant a special permit. Mr. Gray expressed his appreciation and that of Mr. Aidlin for their time.

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Chairman Bremner announced the next order of business to be ACR 62, which provides for a legislative study of solid waste problems in Nevada. Mr. David Hagen, representing 90% of the beer brewers in the United States, stated that the people he represents support the concept of the resolution, but that he feels the resolution singles out litter and he hopes that the study committee doesn't get side-tracked and neglect to study such things as energy conservation. He suggested that the committee consider appointing a member of the industry to their composition. He suggested, to Mr. Jacobsen's question, that the committee contact the National Center for Resource Recovery which is a clearing house for this type of study.

Mr. Weise asked Mr. Hagen how long he felt it would take the industry to convert to abolishing pull tabs. Mr. Hagen could make no definite commitment but he stated that the pull tab is a thing of the past and mentioned that Mr. Z'berg of California has a measure to propose that will eliminate them by 1979 or 1980. He stated that if Nevada passes a bill eliminating pull tabs on soft drinks, the industry would be in a bad position until a solution was found in California.

Mr. Joe Midmore representing the soft drink industry stated that Mr. Hagen's testimony regarding the effect on this industry if pull tabs were abolished was correct and spoke of a non-detachable top that is presently being tested around the country and that before marketed, much time is involved is involved in testing. He stated that he is in favor of ACR 62, that it is the right approach insofar as bringing the problem before the committee is concerned. He stated, "Nevada should join other states that are attacking this problem and find out how it can be solved. The industry I represent will offer any help it can give." He stated that he hoped the committee, if ACR 62 is passed, will set aside other suggested remedies until the results of this study come through.

Mr. Martini, representing the Beer Wholesalers Association, stated that he had given to Mr. Heaney a copy of testimony in Congress from the president of the National Soft Drink Association which included much information about resource recovery which would be a large part of this study authorized by ACR 62. He offered an exhibit explaining a solid waste utilization system planned in St. Louis by the Union Electric Company. (See Exhibit "B"). Mr. Martini stated his objections to the direct reference to disposable containers made in the resolution. He stated that according to the latest statistics available, disposable containers account for 1.4% of the solid waste accumulation in the United States and 4% of urban waste and that we are singling out a very small percentage of the total problem. He asked that these references be deleted from the resolution. (The Congressional testimony presented by Mr. Martini is attached as B(1)).

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Mr. Weise pointed out that testimony received by the committee concerning the Bottle Bill had all been very contradictory and by this resolution, it was hoped that some of this contradictory material could be straightened out.

Mr. Heaney stated that no one particular industry was being singled out in the resolution but that disposable containers were included since this was to be an independent legislative study. Other things were included in the study to be considered under the resolution.

Mr. Martini expressed the full cooperation of the people he was representing.

Chairman Bremner stated that the next order of business would be SJR 28, which urges the President and EPA to give the Nevada State Implementation Plan one year to meet federal clear air standards under present state guidelines. Mr. Bob Alkaire representing Kennecott Copper stated that the resolution as passed out of the Senate creates an embarrassment to Kennecott as well as Nevada since Kennecott presently has a case in court asking that the EPA approve the Nevada State Implementation Plan. SJR 28 asks that one year be allowed for the Nevada Plan to meet federal standards. Mr. Alkaire asked that the references to "one year" be deleted from the resolution. His suggested amendments are attached as Exhibit "C". This "one year" phrase was not in the first version of the resolution. He stated that if the court approves the Plan, it would not be just a one year plan.

Mr. Ernest Gregory stated that he supports Kennecott's amendments since Nevada has joined in Kennecott's suit against the EPA and that the resolution is totally unacceptable the way it now stands. Mr. Alkaire stated that Kennecott would have to shut down if they lose this case.

Mr. George Finn stated that he felt the resolution should consider the economic factor; that he recently spoke with trade unions and that they all expressed a keen interest in the difference between an economical approach to the environment and a pure environment safeguarding of the quality of life. "This committee should pay attention to the economy in whatever they pass in anything applying to the environment which all reflects on the economy; this resolution will chop out an important industry in Nevada." He continued by stating the the whole matter is predicated on EPA standards of control which he would like the committee to investigate since he had received information from the District Director of the EPA in San Francisco that all EPA standards had been suspended until Congress gives EPA means to implement these standards. He felt that Kennecott might have an extension of time that they don't even know

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about.

Mr. Heaney asked Mr. Finn how recently he had spoken to the EPA office in San Francisco. Mr. Finn stated that it was within the past month. Mr. Heaney asked Mr. Finn if he would supplement this information with a written statement.

Mr. Gregory spoke about a recent Supreme Court case which reversing EPA's right to grant variances which they previously did not do if air quality standards were met. He stated that the EPA is backing down because of the economic effects on stringent standards; that there is no proof pollutants and their effects exist and that clean air standards are almost ridiculous.

Chairman Bremner stated that SJR 22 regarding Congress enacting legislation to aid domestic exploration and mining of gold and introduced by Senator Blakemore, would be held to a later date.

Mr. Coulter moved to recommend "Do Pass" to SB 158; Mr. Weise seconded the motion. The motion was unanimously passed.

Mr. Weise moved to adopt the amendments to SJR 28 as presented by Kennecott Copper. Mr. Coulter seconded the motion. The motion was unanimously passed.

Mr. Weise moved to recommend "Do Pass" as amended to SJR 28; Mr. Jacobsen seconded the motion. The motion was unanimously passed.

Mr. Jacobsen moved to recommend "Do Pass" to ACR 62; Mr. Coulter seconded the motion. The motion was unanimously passed.

Mr. Jacobsen moved to "Indefinitely Postpone" AB 34. The motion died for lack of a second.

Discussion was held regarding AB 34, the "bottle bill". Mr. Jacobsen stated that he was opposed to telling an industry to do something that would just cost the consumer. Mr. Weise stated that he does not like the bill as it is; that he sees more wine bottles than beer bottles around and that the measure can be considered two more sessions if an effective date of 1980 is set on the amendment; that the industry in Nevada is large enough to do something about it.

Mr. Weise moved to "Indefinitely Postpone" AB 34; Mr. Jacobsen seconded the motion. Mr. Heaney felt that as a courtesy to Mr. Getto he should be advised of the feeling of the committee and asked to appear before them once again on Monday, May 5.

Voting on Mr. Weise's motion to "Indefinitely Postpone" AB 34 were: Mr. Jacobsen and Mr. Weise voting "aye"; voting "no" were Messrs Price, Bremner and Heaney. The motion failed.

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Mr. Weise stated that if the committee has no appetite to set an applicable date before 1977, there is no sense in doing it at all because the recommendations of the study will be made and offered to the next session which could even establish a 60-day enactment.

Chairman Bremner adjourned the meeting at 5:00 p.m.

Respectfully submitted,

PHYLLIS BERKSON, Secretary



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1572 Elizabeth #3  
Las Vegas, Nevada 89109  
April 27, 1975

Assemblyman Robert Weise  
The Nevada State Legislature  
Carson City, Nevada 89701

Dear Mr. Weise:

In my brief visit to Carson City last Tuesday and Wednesday, I was please to find that broad support exists within the legislature for some sort of action on a Nevada bottle bill. Regrettably, I was not really prepared to go into the details of a compromise measure. After thinking about the matter for a few days, I am now ready and eager to respond to your request for specific proposals.

First, I must say that I am basically opposed to the substitution of a "solid waste" study for the bottle bill. The U.S. Environmental Protection Agency has studied resource recovery methods quite extensively. One can now say, with some assurance, that resource recovery plants are an expensive, complex solution to a solid waste problem that can best be handled by reducing waste at its source. Recycling and community-wide resource recovery projects are fine; however, the evidence on record again indicates that the best approach to our growing solid waste problem is to reduce waste at its source. (EPA Deputy Administrator John Quarles emphasized this fact at a recent Solid Waste Reduction conference held in Washington, D.C.) Why, then, must we substitute a time and money consuming solid-waste study for a measure that will reduce our wasteful consumption of energy and natural resources- at the source?

If it is impossible for the Nevada legislature to pass a bottle bill measure this year, I would encourage you to consider pushing for a study of a Nevada bottle bill. This study could help answer many of those questions which trouble many of your fellow legislators. How many jobs will be lost, or created, from passing a Nevada bottle bill? How can the bill be implemented best? How will it affect our economy? How will it affect the present recycling programs? Can resource recovery plants efficiently work within the state so that a bottle bill would prove to be economically unjustified? With the answers to these questions, then, two years from now, the Nevada legislature can pass a bill whose foundation has been examined quite carefully- a bill that will definitely

prove to be a good bill for the state, for the environment, and for the rest of the nation.

Before you propose the formation of either a citizens' advisory group, a Nevada Legislature study, or a study conducted by the Department of Natural Resources, I would urge you to begin amending the present bill (A.B. 34). First, the bill should be phased in gradually over a period of approximately five years. This will help minimize the disruption to our economy. Unfortunately, this compromise measure may not be enough to see the bill through the legislature.

One excellent compromise would be to require the gradual phase-in of returnable bottles up to a point. The present bill could be amended as follows: First, eliminate the requirement of 100% returnable containers by 1976. Instead, require the beverage industry to market a quantity of returnable bottles in 1976 that equals 10% of the total beverage container sales within the state during 1975. Extend the bill to cover a five year time period. Thus, by 1980, we would still have a quantity of non-returnable containers that equals 50% of the total beverage containers sales that we have this year. If you would like, the same state agency listed in A.B. 34 can administer this measure.

Let's examine, now, some of the selling points of this compromise measure. Right now, in Las Vegas, the consumer has little choice but to buy beverages in non-returnable containers. Coca-Cola is the only franchised bottler to offer returnable bottles. If you believe that the consumer should be given a choice between returnable and non-returnable beverage containers, then propose this measure in the Environment committee as a compromise.

Let me elaborate on this measure some more. Those people who are now violently opposed to the present bill, five years from now, still have those non-returnable bottles. (They will have roughly 100 million of them.) Thus, your small 7-11 dealer, your small-town grocer, and the bottler can still sell non-returnable beverage containers to those willing to pay the cost. (Here I am assuming that the price of the non-returnable beverage package will reflect the higher cost of the container and that the returnable container will reflect those costs attributable to that package.) Five years from now, people who buy the beverages in the non-returnable package can still take them to those inconvenient, economically depressing recycling centers that I have been talking about for some time. Finally, to those concerned about the impact of returnable bottles on the gambling industry, you can say that, five years from now, they will still have the option of buying non-returnable containers if they really need them. To the bottlers, you can say that you are merely requiring them to gradually phase-in the returnable bottle up to a point.



To briefly summarize, such a compromise would help reduce litter and solid waste (to somewhere between those levels that we have now and those levels that we would have if A.B. 34 were enacted), save energy, and allow the consumer a freedom of choice between returnable and non-returnable beverage containers. Those who do not want to pay the higher cost for a "convenience" package can buy the returnable bottles. The retailer who does not want the returnable bottle can compete with the other retailers in obtaining those limited numbers of non-returnable containers. According to the supply and demand principle, the greater the demand, the higher the price. If the consumer is willing to pay the price for a non-returnable container, then let him. If he doesn't want to pay the price, he has the option of buying soft-drinks in returnable bottles.

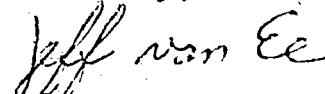
Finally, before you suggest a study, I would encourage you to urge the passage of a bill prohibiting "pop-top" cans. This bill could also be phased-in, but I would argue for a shorter time frame- perhaps, one year from the date of passage of the bill. The enactment of this bill would help satisfy many of my supporters at a time when it is becoming quite clear to all of us that the Nevada Legislature will probably do absolutely nothing on a Nevada bottle bill.

I'm sorry that I don't have more time to spend in Carson City this session. I believe that I could work out a compromise measure. Being realistic, though, the best chance for a compromise measure will depend on whether I can get someone like yourself to start pushing it. I would really appreciate your help in this area. If there is anything more that I can do to help get something out of your committee, let me know.

You can call me, at night, at 736-6208. During the day, you can call me at 736-2969 ext. 353.

By the way, in a day, or two, I will be getting in touch with Senator Wilson. I obviously will need to sell him on some of the points that I have made in this letter.

Sincerely,



Jeff van Ee

By St. Louis company

## Solid waste utilization system planned

■ Talk about killing two birds with one stone!

In St. Louis, the investor-owned Union Electric Co. plans in one giant swoop to help conserve precious energy and to rid the St. Louis metropolitan area of 8,000 tons a day of solid waste.

- Burnable portions of the trash will be fired with coal into boilers to generate electricity.

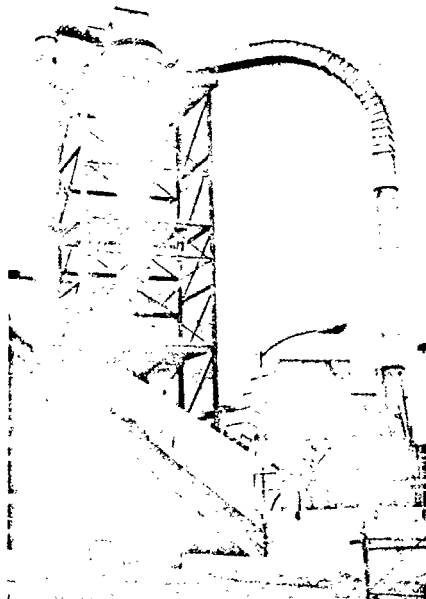
- The nonburnables will be recovered and recycled for reuse or new uses.

Union Electric, through a subsidiary, will build, own and operate the projected, \$70-million Solid Waste Utilization System—all without governmental subsidy.

And since the subsidiary, the Union Colliery Co., will be in the business of recycling metals for resale, none of the expense of the pioneering project can be chalked off to costs that power consumers pay.

The decision to develop the system follows a successful prototype experiment started in 1972 and carried out as a joint project of Union Electric, the City of St. Louis and the U.S. Environmental Protection Agency.

Charles J. Dougherty, president of Union Electric, believes the new sys-



Known as an air classifier, this facility removes heavier particles, such as metal and glass, from shredded trash, which goes into boilers to help generate electricity.

tem will provide a long-term, self-supporting solution to the perennial problem of disposing of solid waste in metropolitan areas.

The St. Louis system will be capable of handling all of the household, industrial and commercial solid waste

generated in the metropolitan St. Louis area of 2.5 million people. This amounts to 2.5 to 3 million tons a year.

The system is scheduled for full operation by mid-1977.

It will use a combination fuel of 90% coal and 10% burnable trash.

Mr. Dougherty says the main consideration in the multimillion-dollar undertaking is waste disposal.

"While the heat value of solid waste is a plus for us," he says, "we believe that the solution this offers to municipal waste disposal problems is even more important."

"The potential is tremendous," Mr. Dougherty adds. "Obviously recycling and reusing waste materials makes sense environmentally. When that makes sense economically, it is a significant and positive achievement. This system will conserve natural resources and all but eliminate the need to use land for waste disposal."

The \$70 million in capital outlay plus an estimated \$11 million in yearly operation costs will be recovered from the heat value of the burnable trash, dumping fees charged haulers of refuse to dispose of their loads and the sale of non-burnable recycling materials.

The new system will separate magnetic metals and other recoverable materials from the burnable waste. There are about 150 pounds of recoverable steel and 10 to 20 pounds of recoverable aluminum, copper, brass and similar metals in every ton of solid waste.

Heat equivalent of the trash is roughly 2 to 2.5 tons of trash for a ton of coal.

Six solid waste collection and transfer centers will be established in the metropolitan area. The refuse will be hauled to the processing plants in closed-container vehicles.

The company says it anticipates that new emission standards will be reasonable and not upset the economic feasibility of the project.

## Rockefeller seeking business views on reaching better water quality goal

■ Vice President Rockefeller, in a special letter to "The American Industrial Community," is seeking help for the National Commission on Water Quality. The Commission needs to learn from businessmen their views on "the best ways to reach our goal of better water quality and to learn of the problems" companies are encountering with the Federal Water Pollution Control Act Amendments of 1972.

The National Chamber is cooperating with the Commission to assure that chamber of commerce and trade association executives receive a copy of the

Rockefeller appeal and the Commission's "Industry Studies" pamphlet.

The Commission will report its findings to Congress on the technological, economic, environmental and social impacts of the Clean Water Act. These findings are expected to have an important effect on needed amendments to the Act.

*Businessmen are urged to send their comments or direct their inquiries to: National Commission on Water Quality, P.O. Box 19266, Washington, D.C. 20036.*

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# United States Brewers Association, Inc.

1750 K STREET, N. W. WASHINGTON, D. C. 20006

(202) 466-2400

*See pages 12 + 13*

CHESTER E. GARDNER  
DIRECTOR OF COMMUNICATIONS

TWX 710-822-9208

April 23, 1975

TO: USBA BREWER MEMBERS  
 USBA ASSOCIATE MEMBERS  
 USBA LEGAL REPRESENTATIVES  
 USBA STATE AFFAIRS REPRESENTATIVES  
 USBA REGIONAL VICE PRESIDENTS  
 USBA REGIONAL REPRESENTATIVES  
 STATE ASSOCIATION SECRETARIES  
 STATE WHOLESALER SECRETARIES  
 USBA ENVIRONMENTAL AFFAIRS COMMITTEE

FROM: CHESTER E. GARDNER

RE: NSDA TESTIMONY BEFORE HOUSE SUBCOMMITTEE ON  
TRANSPORTATION AND COMMERCE

Gentlemen:

Attached for your information and reference is a copy of the testimony by Sidney Mudd, National Soft Drink Association, before the House Subcommittee on Transportation and Commerce, Committee on Interstate and Foreign Commerce. We feel this is an excellent presentation of industry's position.

Cordially,

*Chester E. Gardner*  
Chester E. Gardner

CEG:pak  
Attachment



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Statement

of

Sidney P. Mudd

President, National Soft Drink Association

Chairman, New York Seven-Up Bottling Company, Inc.

Chairman, New York Industry-Labor

Committee for Resource Recovery

before the

Subcommittee on Transportation and Commerce

Committee on Interstate and Foreign Commerce

U. S. House of Representatives

Washington, D. C.

April 16, 1975

Mr. Chairman and members of the Committee. My name is Sidney P. Mudd. I am Chairman of the New York Seven-Up Bottling Company, Inc., New Rochelle, New York. I serve also as Chairman of the New York Industry-Labor Committee for Resource Recovery, a roster of whose membership has been provided with my written statement.

I am appearing before you today principally in the capacity of President of the National Soft Drink Association, Washington, D. C. This latter organization is the national trade association of the soft drink manufacturing industry.

The Association's membership numbers approximately seventeen hundred manufacturers of soft drinks who represent over 92 percent of the soft drink gallonage produced in this country. Therefore, I have the significant responsibility today of presenting the considered views of our national association's membership. We appreciate this opportunity to express these views and hope that our comments will contribute meaningfully to the deliberations of this Subcommittee.

Plants of the soft drink industry are located in all of the fifty states and number approximately 2,400. These plants employ approximately 123,477 persons and have annual payrolls in excess of \$981,800,000. These plants characteristically are classified as small businesses, with 74 percent employing 49 or fewer employees, 16 percent with from 50 to 99 employees and the remaining 10

percent with a work force of 100 or more employees. Historically and currently this industry typifies the American system of free enterprise. Its members, in the broad majority, represent local ownership, local management, and local investment. For all of these reasons, soft drink manufacturers are closely in tune with the wishes and demands of their retail customers and the ultimate consumers. They are quick to notice and, therefore, to respond to local trends, consumer preferences and changing market conditions.

The packaging of soft drinks is a prime example of this industry's response to the consumer. For a great number of years, in the framework of the then existing technology and economics, the consumer was pleased with a system of returnable packaging. Accordingly, with the cooperation of the retailer, the returnable system of packaging was provided by the soft drink industry. The beer industry responded similarly, as did the milk industry.

For as long as the cooperation of consumer, retailer and manufacturer prevailed, the returnable bottle served the system well. In terms of packaging cost per se it was the most economical system to employ. In our then labor-intensive industry in a labor-intensive economy the inconveniences of the system were acceptable. In brief, the system worked.

The period following World War II brought changes which have proved irresistible to the life-style of Americans, to their preferences in the marketplace and their desire and economic ability to bring more convenience to their lives. By the 1950's these

changes had clearly begun to manifest themselves in a consumer demand for convenience packaging of all retail goods.

The soft drink industry was reluctant to respond in the beginning. It was comfortable with the returnable system and hopeful of preserving it. The consumer in many parts of the country disagreed and told us so. "Why," she said, "must I keep your empty bottles, store them in my home, carry them back to a store and bother with deposits when every other product I buy comes in a convenient one-way package?" And she was correct in her logic. Of the 7,000 to 10,000 items in a supermarket, soft drinks were the only ones that did not offer convenience packaging. Consumer insistence in these areas mounted, the retailer, who felt this insistence directly, joined in the demand and this industry inevitably responded. The packaging options demanded were accordingly provided: Cans in the 1950's, followed by one-way bottles in the 1960's.

Industry data compiled by NSDA show the following movement of consumer choice toward non-returnable packaging over a recent eight year period.

| <u>Year</u> | <u>Packaged Soft Drink Sales</u> |                 |
|-------------|----------------------------------|-----------------|
|             | <u>Returnable</u>                | <u>One Trip</u> |
| 1966        | 87%                              | 13%             |
| 1967        | 79%                              | 21%             |
| 1968        | 70%                              | 30%             |
| 1969        | 67%                              | 33%             |
| 1970        | 61%                              | 39%             |
| 1971        | 59%                              | 41%             |
| 1972        | 57%                              | 43%             |
| 1973        | 54%                              | 46%             |

The bills presently before this Subcommittee, HR406 and HR5487, are different expressions of response to certain national concerns. May I say to you and to those who later read this testimony that I empathize with these concerns and appreciate your honest desire to find appropriate solutions to the problems which we are considering in this hearing. The problems are real and must be dealt with. Our need as a society is to find the best way. I have attempted to order the following remarks so that the best way will be most obvious.

The Problems

The problems should be stated first. They are three-fold, each different yet interrelated: the problem of litter, the problem of solid waste, the problem of energy. We must find the most effective way of dealing with each, most effective in result, most effective in cost.

In the course of this hearing, you will have listened to many voices, many points of view and numerous statistics dealing with these problems. At some point you will have to weed out all that is relatively less important and come to the basic facts for judgment. Hopefully we can begin that process here.

All that you hear will divide itself ultimately into two arguments. One says that the best way to solve the problems is by a mandatory ban or deposit on all soft drink and beer packaging. The other says that the best solution is systematic resource recovery of materials and fuel. These become the two basic options to be considered:



Option One:                    Container Legislation

Option Two:                    Resource and Fuel Recovery

May I describe each option, its cost and its results, for your consideration now and later.

Option One:    Container Legislation

Cost:    \$5,000,000,000

Regardless of the language and seeming intent of container legislation, the real objective and factual result is a forced restriction of consumer choices of soft drink and beer packaging to a completely returnable container system. This means that all production, handling, warehousing, transporting, delivery and marketing of soft drinks and beer now keyed to cans and non-returnable bottles must be immediately obsoleted and replaced with returnable bottle machinery and procedures or phased in less abruptly by law.

Such a procedure carries a price tag. Our minimal estimate for the two industries, (soft drink and beer) is \$5 billion. Please accept that figure as factual. It would cost my company in New York at least \$25 million if we were to stay in business. I have heard repeated testimony that industrial consultants compute the cost to one brewer alone, Anheuser-Busch, at approximately \$1 billion. There is ample documentation.

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It is important to remember that if this \$5 billion were spent it would produce zero growth in production capacity of the two industries.

Results: Container Legislation

1. Unemployment Increase

There would be a definite loss of employment in the basic four-industry group affected: soft drinks, beer, can and glass. Most such job-loss would be in higher-paid, higher-skilled, senior job categories. These losses would be net of any new jobs created, mostly in lower-paid, lower-skilled categories.

Employment in other ancillary industries would also suffer losses. No one can tell you with certainty what the total increase in unemployment would be. One study has put it at 164,000 nationally. I. W. Abel, in a statement of opposition in June, 1974, to the U. S. Senate hearing on Senator Hatfield's bill, S2062, estimated a loss of 45,000 to 58,000 United Steelworker jobs alone.

For obvious reasons you will find available to you strong statements from organized labor, headed by the 14,000,000 member A.F.L.-C.I.O., in opposition to restrictive container legislation and in full support of resource and fuel recovery.

You may be confused momentarily by claims that the "Oregon Law" caused no job loss. Those claims are patently false. There is ample proof if you need it later.

Our present national economy and unemployment statistics are known by you better than most. You have the strong testimony of organized labor and broad-based industry telling you unequivocally that container legislation will certainly add seriously to unemployment across the country.

May I add one caution. You may hear testimony or read commentary that implies that employment in soft drink and beer companies will rise because more men will be needed to produce and deliver the same number of cases. That is theoretically accurate and practicably absurd. The number of companies which would close entirely is either ignored or forgotten in such predictions. I would estimate a job loss to soft drink and beer companies in New York City alone at 6,000 to 7,000. We certainly don't need that.

## 2. Higher Consumer Prices

You will hear it advanced that a forced reversion to returnable packaging will lower

consumer pricing. May I respectfully assure you that that is sheer nonsense to those who know and count the costs daily in the operation of these industries. How can anyone argue that industry can spend \$5 billion in conversion cost with zero increase in productivity; thereafter produce less per man hour on every production line, use more warehouse space, employ more transportation and service-sales manpower, use more vehicles and more fuel to deliver the same amount of product without an increase in consumer prices? And to say that all this could be done with a reduction of consumer pricing. Well, I leave that to your judgment.

May I again offer a caution. You may hear the argument that the fact that returnables are usually sold at a lower price-less-deposit than non-returnables throughout the country proves that soft drink pricing would be lower if all were returnables. Please review the comments above on conversion costs and operating costs of a totally returnable system. As things stand today the non-returnables' efficiencies in many plants are actually subsidizing the returnable segment of our packaging mix. It is important to remember also that forfeited deposits constitute

a part of the real cost of beverages in deposit containers. Estimates place deposit forfeitures for one year in Oregon at \$2,000,000 and in Vermont at \$1,900,000. A direct increase in costs to consumers.

3. Reduction in Tax Revenues

Taxes paid directly to federal, state and local government by our four basic industries and their back-up industries total in the billions of dollars. The brewing industry alone, for example, pays approximately \$2 billion in taxes. At least one estimate places the aggregate national tax loss at \$800 million annually for the first five years following container legislation and \$500 million annually thereafter.

There seems no need to be more exact on this point. The tax revenue loss would be massive in any event.

4. Reduced Competition Among Packaging Suppliers

The simple fact here is that when packaging options remain open, packaging suppliers compete for the business. Glass competes with cans, aluminum competes with steel, and plastics and other emerging materials seek a place in beverage packaging. This competition has two effects for

the good: lower price and higher quality. Legislate that everything must be in a returnable glass bottle and the advantages of competition of materials in packaging disappear.

5. Denial of Consumer Choice

The American free-enterprise system, even accepting its alleged faults, has brought a higher standard of living to this country than to any other in world history. I happen to be one who is proud of that rather than ashamed. The abuses which individuals commit within the system in no way shake my faith in the system itself.

Our system has always included and has, in fact, been in great part based upon the human desire for convenience at an acceptable price. No greater example comes to mind than American packaging of food and drink. Today's supermarket gives ample testimony. There are approximately 10,000 separate items in a modern store of this type. Without a single exception, all 10,000 items come in non-returnable packaging. What rationale adequately states why the consumer's choice of soft drink and beer packaging must be singled out and restricted to returnables only?

Now, having spent \$5 billion to achieve zero growth in productivity, we have in Option One by passing restrictive container legislation made a serious increase in unemployment, increased consumer prices, reduced tax revenues, reduced competition and, indeed, forfeited the consumer's freedom of choice.

What effect, now, would Option One have on the three problems it seeks to solve? Let's look at each.

Effect on Problems

1. Litter - Very Little Lasting Effect If Any

Beverage cans and bottles make up approximately 15% to 20% of litter depending on the areas littered. There are only two places to look for information on what effect container legislation has on litter and at what cost, Oregon and Vermont.

In Oregon the classification of beverage related litter (at 30% of total because paper was counted also) was initially reduced by 66%. Overall litter increased as did highway traffic so that the net result was a reduction of 10.6% totally. The last survey taken in June, July and August, 1974, showed a substantive increase in beverage related litter over the same period in 1973. Other litter increased 6% and all litter 3%. No surveys have been reported since then.

The conclusion appears to be that container legislation has little if any lasting effect on litter in Oregon.

An interesting comparison emerges from the Vermont venture in container legislation. In fiscal year 1974, Vermont spent \$45,106 less for litter cleaning than in fiscal 197<sup>3</sup>, a savings which may be attributed to the presence of legislation in 1974. Vermont has a population of 480,000 persons. Thus the savings on litter clean-up averaged 9.4¢ per person. In the same year the overall cost of the container legislation in lost tax revenues, retailer and wholesaler handling charges and forfeited deposits totalled approximately \$6,000,000 or \$12.50 per person.

Hence, the economic trade-off in Vermont for a 9.4¢ per person saving on litter clean-up was \$12.50 per person.

2. Solid Waste - Less Than 1.4% of Total Dealt With

Professor Frank Bowerman, Chairman of the Department of Civil Engineering and Director of the Environmental Engineering Programs at the University of Southern California, has stated that nationwide urban solid waste is made up of equal shares of solid waste from residences,



from commercial and industrial establishments and demolition. He measures beer and soft drink containers at approximately 1.4% of urban solid waste by weight. In residential waste only, he estimates beer and soft drink containers at 4%.

If you assume that container legislation would remove all beer and soft drink containers from urban solid waste, a mere 1.4% of that waste would be eliminated. This, of course, cannot happen since every returnable bottle in a mandated returnable system must itself end up in the waste stream sooner or later. Past history in many areas indicates sooner than later as consumers discard bottles despite deposit investment.

Simple arithmetic tells us that container-legislation cannot successfully deal with even 1.4% of the total urban solid waste stream.

Not a very good buy for \$5 billion.

3. Energy - Only 2/10 of 1% Saved - More Added

The emergence of the national energy crisis has brought forcefully to every thinking American the need for new and expanded fuel sources and the husbanding of present supplies, without unacceptable damage to the economy. Container

legislation is currently being advocated as a great energy saver, now that its supporters find no real benefit for litter or solid waste. Here also the facts do not support the argument.

As far back as mid-1973, Ben Branch, Assistant Professor of Economics at Dartmouth College, researched the matter and published his findings. In his research he drew upon the study of Bruce M. Hannon of the University of Illinois. Both researchers agree that, using 1970 figures, all beer and soft drink container manufacturing consumed approximately .34 of 1 percent of the nation's energy requirement. Proponents of restrictive container legislation never seem to mention this figure. Instead they make a questionable translation of this usage into billions of BTU's or barrels of oil and tell how many homes that would heat in some appropriate city. Dramatic, perhaps, but not persuasive.

Mr. Branch further states in his findings that a complete conversion to returnables would reduce energy consumption to about .14 of 1 percent. That is a gross saving of .20 of 1 percent and it assumes that a nation which has turned increasingly toward non-returnables will now be persuaded to return bottles regularly.

The gross saving of .20 of 1 percent is not the net saving for other important reasons. Consider the additional energy requirement to build or expand production plants, to build and install production machinery, to operate the additional production lines, to build or enlarge, light and heat expanded warehouses, to operate additional transport trailers, to operate additional delivery trucks and to handle empty bottles for return at retail and wholesale levels. (It is interesting to recall an earlier statement of Anheuser-Busch that their beer trucks in Portland, Oregon, averaged 189 cases per day and in Tampa, Florida, a predominantly non-returnable container market, their trucks averaged 449 cases per day.)

When all these new energy requirements are added, it is doubtful that there would be any saving of energy in a conversion to returnables. One thing is certain: The economic trade-off would be totally unacceptable.

Summarizing Option One, we find the following:  
Container Legislation would cost \$5 billion. It would result in:

1. Increase in unemployment
2. Higher consumer prices

- 3. Reduced tax revenues
- 4. Reduced competition of suppliers
- 5. Denial of consumer choice

Container Legislation would have the following effect on our three problems:

- Litter - very little if any
- Solid Waste - less than 1.4% dealt with
- Energy - less than .20 of 1%, if any, saved

Let us now similarly examine Option Two, that of Resource Recovery.

Option Two: Resource Recovery

Cost: \$3,800,000,000

This cost is derived from figures given to the Congress by EPA in Washington which estimates the capital cost requirement for construction of solid waste processing plants to average \$15,000 per ton of waste processed daily. (Example: a 1000 ton per day plant would cost \$15,000,000 to construct.) When the per ton construction cost is applied to the fifty major metropolitan areas of the nation, which generate the major portion of our urban solid waste, the overall cost of Option Two becomes \$3.8 billion.

The engineering concepts, the hardware and the construction for such a nationwide installation

are all available. An encouraging number are already underway. There is no need to worry about whether we can do it. We can do it with certainty if we want to. As a business problem it is a simple one, solved with relatively simple equipment.

Results: Resource Recovery

1. Increased Employment

Resource Recovery will literally create a new industry nationally. The plant construction will provide a much needed stimulus to the building trades. Thereafter, the plant operation will permanently employ additional workers in new jobs.

2. No Increase in Consumer Prices

Resource Recovery will have no effect on consumer prices of soft drinks and beer.

3. Increased Tax Revenues

Resource Recovery, to the degree that it produces new profits in the construction industry and thereafter to the degree that the operation of the system is a function of private enterprise, will produce new tax revenues.

4. Continued Competition of Suppliers

Resource Recovery will cause no lessening of the beneficial competition which now exists among suppliers of packaging materials and concepts.

5. Freedom of Consumer Choice

Resource Recovery will cause no reduction of consumer choice of packaging.

6. Reduction of Municipal Costs

Resource Recovery, from processing of the total waste stream, will reduce the per ton cost of solid waste handling in most metropolitan areas of the nation. The presence and the amount of the savings will vary by location, the present cost of disposal and the cost and availability of land fill. In any event the total savings will be great. Robert A. Low, EPA Administrator of New York City, estimates the value of materials alone in the city's solid waste stream at \$109,670,000 annually.

What effect, then, would Option Two have on the three problems? Consider the following.

Effect on Problems

1. Litter - None

Resource Recovery per se has no effect upon the separate problem of litter.

2. Solid Waste - Almost 100% of Urban Waste

Resource Recovery addresses itself to the processing of nearly 100% of the total urban solid waste stream. In the EPA report to the Congress in 1974, the heavy component of municipal solid

waste was quantified at 20.6%. This is the non-combustible aggregate of metal and glass. This is the resource component which is to be recovered for sale back to industry for indefinite reuse.

The light component of municipal solid waste is the remaining 79.4% of the urban waste stream. It is the combustible component which is ultimately dealt with in what has come to be called simply the "back end" of the resource recovery process. The "front end" shreds and separates the components. The "back end" deals with the various uses of the combustible, organic fraction. (See attached flow sheet and diagrams.)

3. Energy - 400,000 - 500,000 Barrels of New Oil Per Day

One of the greatest benefits of Resource Recovery is its ability to provide a new source of fuel for the national energy requirement. Federal EPA estimates the new energy value of refuse-derived-fuel (RDF) and recycling at the equivalent of 473,000\* barrels of oil per day, or almost half the amount of the million barrels per day targeted by the federal program of fuel conservation in hoped-for savings.

\* includes 80,000 barrel equivalency saved through recycling of heavy component.

This refuse derived fuel has the added advantage of being available precisely where it is most needed, the energy-intensive municipal areas of the nation. Its transportation requirement is thus minimal.

This fuel can be burned "as is" to generate steam, in combination with fossil fuels to generate electricity, or by pyrolysis (super-heating in the absence of air) converted to gas, oil or char.

Other optional uses of this light, organic component include utilization as compost, fiber board, fiber reclaim and animal feed. (Attached flow sheet.)

Summarizing Option Two, we find the following:

Resource Recovery would cost \$3,800,000,000. It would result in

1. Increased employment
2. No increase in consumer prices
3. Increased tax revenues
4. Continued competition among suppliers
5. Freedom of consumer choice
6. Reduction of municipal costs

Resource Recovery would have the following effect on our three problems:

Litter - none

Solid Waste - almost 100% of urban waste dealt with



Energy - 400,000 - 500,000 barrels of new  
oil equivalent per day

Comparison of Option One, Container Legislation and  
Option Two, Resource Recovery.

A comparison of the two options clearly favors the option of Resource Recovery. Resource Recovery is less costly to begin with, it processes and recovers practically all of the waste stream as opposed to 1.4%; it has a positive economic effect, where Container Legislation is strongly negative; and finally, what should be clear to any environmentalist, it has a much greater environmental return.

An Additional Word on Litter

Resource Recovery has no effect upon the ugly problem of litter. Container Legislation ultimately has little if any lasting effect on total litter. Neither option provides an acceptable solution.

Industry and labor have sponsored and are funding an Action Research Model study on litter motivation, sources, control and law enforcement in three cities: Charlotte, North Carolina; Macon Georgia; and Tampa, Florida.

This program, known as the ARM Project, has proved capable of making substantial reductions in litter. Its success to date holds considered

promise for the future of litter control in this country. Its application is being broadened to other cities. One of those cities is Washington, D. C., our nation's capital. Although time does not presently permit, a fuller explanation of this important anti-litter program is available to this Subcommittee on request. You will be encouraged by its findings.

CONCLUDING REMARKS

I want to conclude this testimony with the statement of a simple truth: there are few problems in the natural order that government, industry and labor acting together cannot solve. Fortunately the problem we have considered here today is not an exceptionally difficult one. Industry and labor have told you clearly in these hearings that restrictive container legislation will not work. They have told you why and have asked you to understand. Therefore, we unequivocally oppose HR406 in any form.

Today we ask you to move the Congress as promptly as possible toward the positive solution which must certainly come, a national system of resource recovery. The concept is sound, the hardware has emerged, the funding is possible and the environment needs it. Industry and labor have offered and continue to offer to you our broad capabilities and energies, to be joined with yours, for the ongoing solution of this problem. HR5487 clearly is an effort

to embrace some of these worthy and essential concepts, and we will join with you in an effort to perfect that legislation.

May I say to you as I have said before: we will not turn away; we will remain dedicated until we have that solution in place.

2-447

OPTION ONE:            CONTAINER LEGISLATION

NATIONAL COST:    \$5,000,000,000

RESULTS

1. UNEMPLOYMENT INCREASE
2. HIGHER CONSUMER PRICES
3. REDUCED TAX REVENUES
4. REDUCED COMPETITION AMONG SUPPLIERS
5. DENIAL OF CONSUMER CHOICE

EFFECT ON PROBLEMS

LITTER - VERY LITTLE IF ANY

SOLID WASTE - LESS THAN 1.4% DEALT WITH

ENERGY - LESS THAN 20/100 of 1%, IF ANY, SAVED

OPTION TWO:            RESOURCE RECOVERY

NATIONAL COST:    \$3,800,000,000

RESULTS

1. INCREASED EMPLOYMENT
2. NO INCREASE IN CONSUMER PRICES
3. INCREASED TAX REVENUES
4. CONTINUED COMPETITION AMONG SUPPLIERS
5. FREEDOM OF CONSUMER CHOICE
6. REDUCTION OF MUNICIPAL COSTS

EFFECT ON PROBLEMS

LITTER - NONE

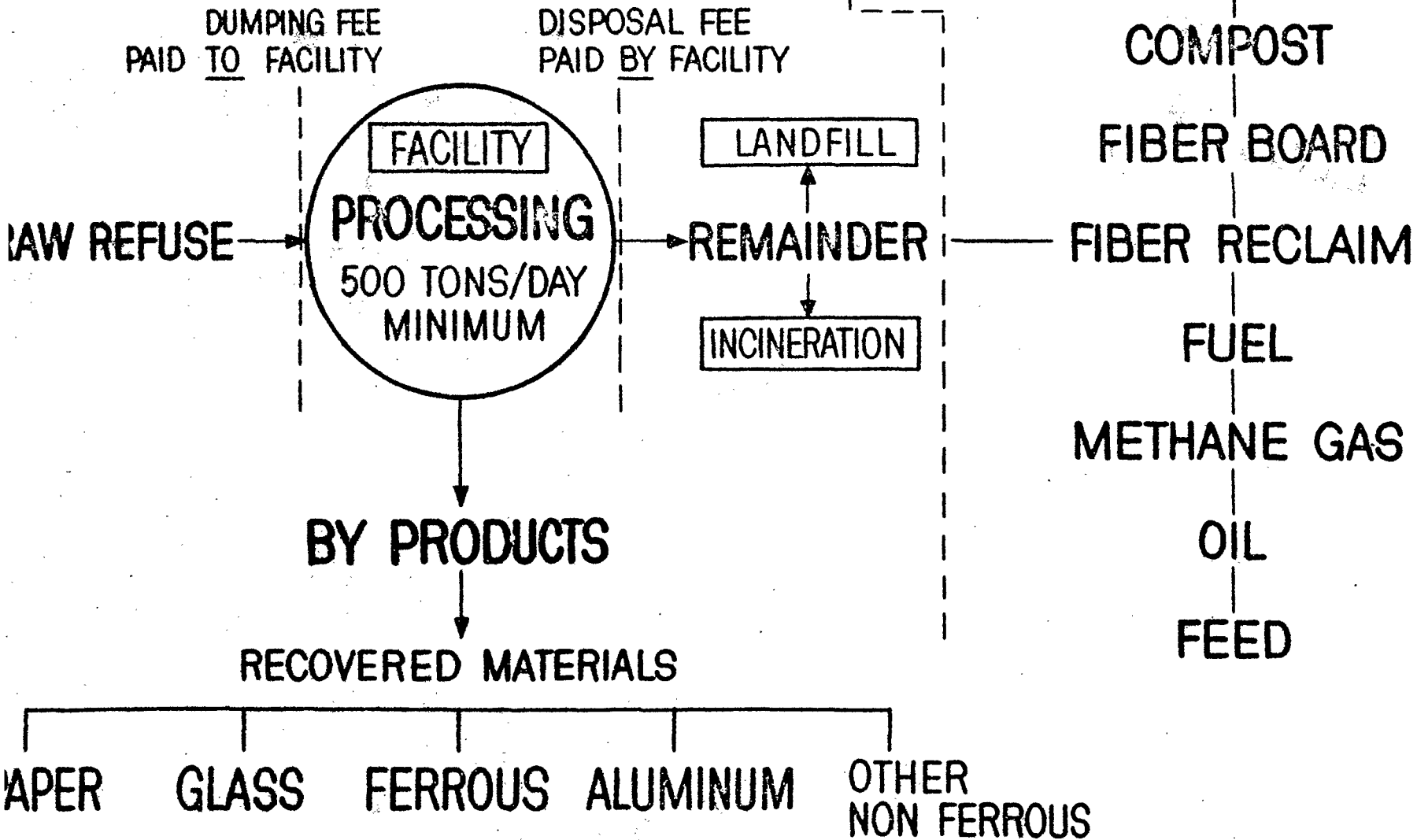
SOLID WASTE - ALMOST 100% OF URBAN WASTE

ENERGY - 400,000 to 500,000 BARRELS OIL PER DAY ADDED

# RESOURCE RECOVERY SITE

## FRONT END SYSTEM

## BACK END SYSTEM OPTIONS

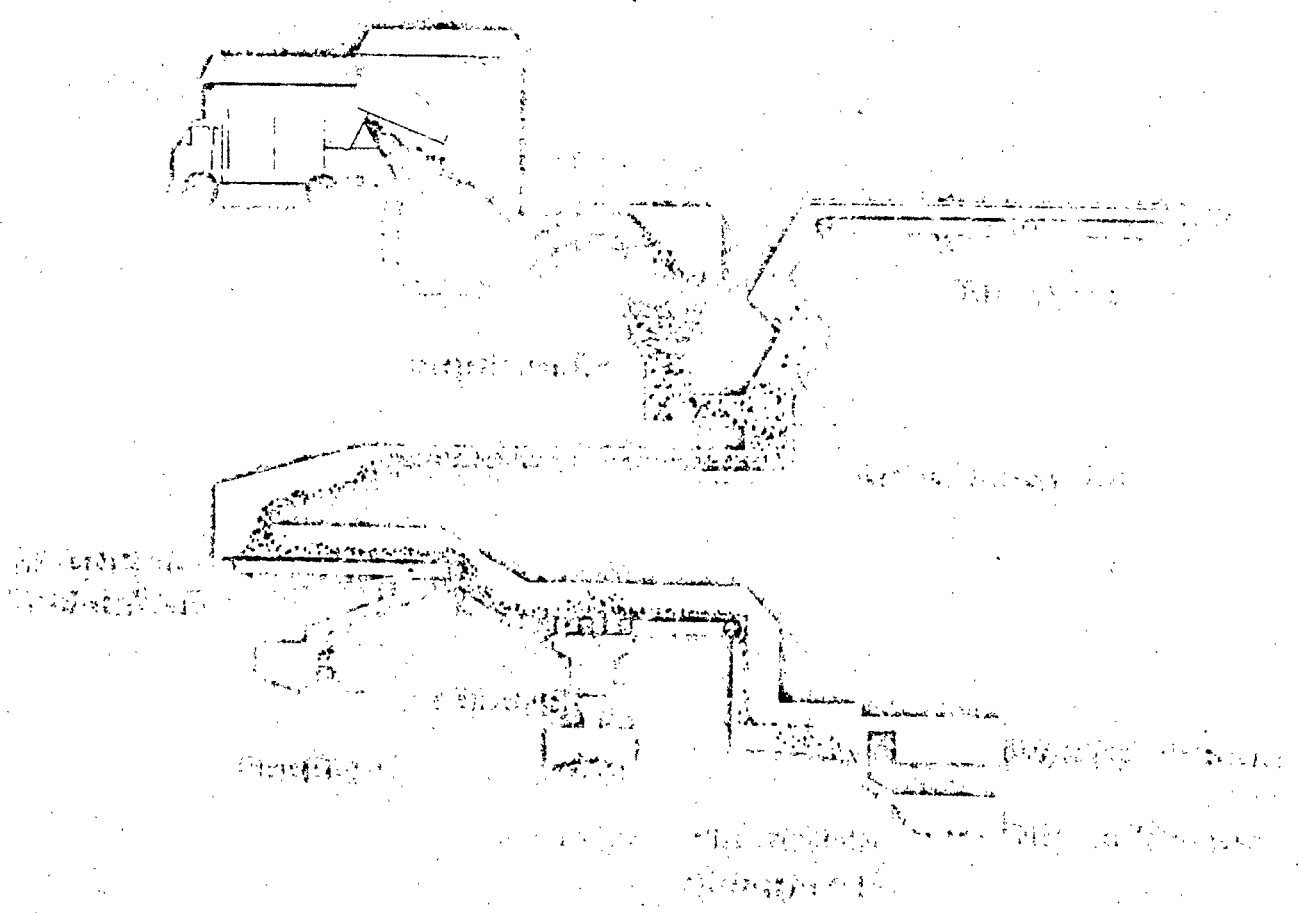


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THE UNIVERSITY OF MICHIGAN LIBRARY

ANN ARBOR, MICHIGAN

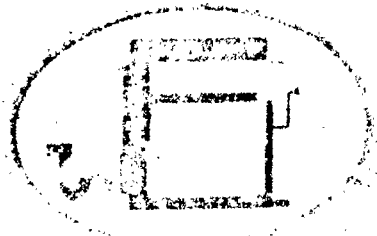


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2-449

# MEMORANDUM FOR THE DIRECTOR, FEDERAL BUREAU OF INVESTIGATION

DATE: 10/15/50



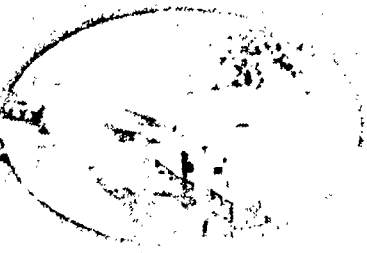
REAR VIEW



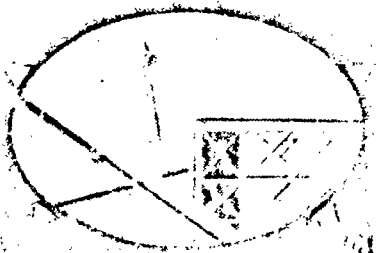
FRONT VIEW



TOP VIEW



LEFT SIDE VIEW



RIGHT SIDE VIEW



ISOMETRIC VIEW

PROPOSED AMENDMENT TO S.J.R. 28

In the summary, read it

Environmental Protection Agency to approve the Nevada State Implementation Plan (one year) to meet the federal, etc. (deleting reference to one year).

In the title, read it

Environmental Protection Agency to approve the Nevada State Implementation Plan (one year) to meet, etc. (deleting reference to one year).

On Page 2, delete lines 18, 19, 20 and 21 (referring to one-year trial).

On Page 2, lines 40, 41, 42 and 43, read it

encompassing Nevada to approve the Nevada State Implementation Plan for compliance with the "Clean Air Act." (requesting approval of the plan and deleting reference to one-year period).

On Page 2, delete lines 44, 45, 46 and 47 (referring to one-year time limit).