



# Fact Sheet

## Forced Deposits

### Problems with Forced Deposits

#### 1. They do little to help the environment.

As stand-alone efforts, forced deposit programs provide surprisingly little recycling benefits. Beverage containers for beer and soft drinks (the only products affected in eight of the eleven deposit states) typically represent less than three percent of all trash. With such a narrow focus, the potential environmental gains from these programs are limited.

#### 2. They impose a hidden, regressive tax on consumers.

Forced deposit programs assess direct and indirect costs on consumers in the form of higher prices and unclaimed deposits. Prices may rise to cover increased costs for beverage manufacturers, distributors, retailers and redemption centers – all of whom must build facilities, hire staff and deploy trucks and other equipment to handle the beverage containers returned by consumers. Consumers also lose the deposits they pay if they choose to recycle deposit containers along with their other recyclables. The same is true for consumers who don't have the time or the means to get to a redemption center. Unfortunately, those additional costs are disproportionately passed along to those least able to pay: low-income families and seniors.

#### 3. They are costly to operate and administer.

Proponents and opponents agree on one thing: forced deposit programs are the most expensive way to provide litter control and recycling. Container redemption raises retailers' operating costs to sort and handle empty bottles and cans as well as to keep redemption and storage areas sanitary. Redemption also takes up valuable retail space and makes product distribution less efficient. In states like California and Hawaii, the state government plays a major role in the operation of the program, adding bureaucratic costs and bigger government into the list of negatives.

#### 4. They hurt local businesses.

Deposits drive away business for retailers and beverage companies. Stores located along the border of deposit states average a 4.6 percent loss of total store sales to their competitors across state lines. These losses affect not only businesses, but also local and state tax revenues .<sup>iii</sup>

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### **5. They penalize and hinder effective recycling programs.**

Carbonated beverage container materials (primarily aluminum cans) account for up to 73 percent of all revenue earned in a curbside program.<sup>iv</sup> Forced deposit programs compete for this material. Furthermore, pulling material out of community programs makes the program operate less efficiently and complicates recycling for residents, driving down participation rates.

<sup>iii</sup>University of Kentucky Center for Business and Economic Research, *The Economic Impact of a Container Deposit Program in Kentucky*, March 1999.

<sup>iv</sup>Gershman, Brickner & Bratton, Inc., *Impact of Container Deposits on Curbside Recycling: Two Case Studies*, 1991.