

Chair Marsh, Vice Chairs Levy & Levy, and Members of the House Committee on Climate, Energy and Environment:

On behalf of the Oregon Winegrowers Association and the Oregon Wine Council, we would like to express our appreciation for your thorough consideration of HB 4013 over two days of committee hearings on February 7, 2024, and February 12, 2024. Many excellent questions were raised, some were answered, and many more questions remain that are truly fundamental to understanding the impacts, risks, and opportunities for the wine industry to participate in the Extended Producer Responsibility (EPR) Program or the Bottle Bill for our glass wine containers. As parties that have been steeped in this subject matter for the last two years, our questions at this point are practical in nature so we can truly understand what we might be getting ourselves into.

As you consider your vote on this bill to provide the wine industry with one additional year to find the right long-term solution for our primary packaging, we want to share with you the important questions that remain unanswered today. Our hope in sharing the questions below is that you either take the opportunity yourself to ask these questions or they highlight for you just how complex this analysis is and how much **remains unknowable to this industry and won't be known until late 2024** (about 6 months before the EPR program goes live). As you've heard, the wine industry is essentially the only industry in this position in Oregon, with two potential recycling programs for their primary packaging to go into.

### **Relating to the Bottle Bill**

- When the EPR system is up and running, who will be covering the costs associated with recycling glass Bottle Bill containers that are inadvertently collected through the EPR system? Based on OBRC's glass redemption rate, the [unredeemed percentage is expected to be 23% of total Bottle Bill glass](#).
- If there is concern that consumers will not go through the effort to redeem glass wine bottles when they have a deposit value under the Bottle Bill, is it reasonable to think consumers would take those containers to Producer Responsibility Organization (PRO) depots when they don't have any value?

### **Relating to EPR**

**Curbside glass collection under EPR:** It is important to clarify that there are NO obligations under the new EPR law for *any party* to continue providing curbside residential glass collection. To the extent that service continues in any jurisdiction, the PRO is the one that would need to pay for that service, which means the glass producers. As glass producers, we still have questions about what this means for us that we are not getting clear answers to:

- How will the residential curbside glass collection costs in EPR be determined and when will they be finalized? Is the PRO required to provide producers with its costing information as a part of setting materials fees?
- Will glass producers have an opportunity to negotiate costs associated with collecting their glass as a part of the EPR system – whether through existing curbside collection services or through the PRO depots? Or will those negotiations be occurring before July 1, 2025, when producers are not yet members of the PRO?
- DEQ completed a [Lifecycle Analysis for glass](#). The findings of that study seemed to conclude that source-segregated, curbside pickup of glass for recycling was *not* significantly more beneficial from an overall emissions standpoint than just including it in the trash load and landfilling it. If

that is true, does it make sense for glass producers to pay (through the PRO) for providing source-segregated curbside glass collection in Oregon?

- If wine bottles were taken out of the EPR system and put into the Bottle Bill, will it make economic or environmental sense to continue offering residential (or even commercial) curbside collection of glass? Is there resistance to pulling our wine glass out of EPR because it will make it more challenging to continue offering curbside glass collection in existing localities without it?

**Cost information about EPR:** During both days of the public hearing for this bill, questions were raised about when cost information would be available for the EPR program and how that timeline would impact various stakeholders in the EPR system. We have many questions about this timeline as well, including how reliable the first cost estimates in the March 31 program plan submitted by the PRO will be. We would like to know:

- What percentage of glass is anticipated to be generated by exempt producers under the current EPR law and how will this cost impact obligated producers?
- DEQ has indicated that it will reject the first program plan submitted on March 31. What does the reevaluation timeline look like and how will the Phase II rules to be adopted in November 2024 impact the program plan approval process and fee schedule?
- If wine glass gets pulled into the Bottle Bill in the 2025 session, how might that affect the member fees for glass for the other remaining glass producers leading up to July 1, 2025, that were relying on the figures in the PRO program plan approved by DEQ?
  - Certain costs built into the initial materials fees in the PRO plan are going to be start up or fixed costs. When setting the material base rates in the program plan, the base rates must contemplate the anticipated total number of producers in the system and the volume of material they are expected to generate in order for the PRO to collect enough revenue through the fees to meet its cost obligations to local governments and other stakeholders. If the wine glass producers are removed from the equation a couple months before the EPR program is set to take effect because their glass is getting added to the Bottle Bill, how does that impact the distribution of costs for initial setup and curbside glass collection for the remaining glass producers in EPR?
- We understand DEQ told local governments to “ask for the moon” in their [needs assessment](#) processes in reference to the expansion of resources and services they want under the EPR program. Does paying for this expansion of services in the EPR program fall exclusively on the PRO and its members? We also understand that there are significant challenges with the results of the initial needs assessment, and it is expected that the PRO now needs to go back to cities and counties to get revised estimates. How is that going to impact the timeline for the PRO in its development of a reliable program plan?

### **Enforcement of the new EPR law**

- DEQ has stated in public meetings that it is up to the PRO to recruit producers into the system to start paying fees—not DEQ. How does the PRO’s success with recruiting all obligated members before July 1, 2025, and securing their commitment to join on day one and start paying fees impact the fee schedule? If there are late joiners, will they need to pay fees retroactively? Will new joiners result in adjusting the material fee rate for others?
- We understand DEQ has indicated (including directly to the wine industry) that it does not plan to take enforcement action against a variety of stakeholders in the EPR system during the first year or so. If that is true, we are having a hard time understanding the resistance to the proposal in our bill, as we might presume there will be many trying to figure out how to engage with this program during that same period.

The bottom line is this: the wine industry was asked to make a choice. We've been putting in the work to figure this out and we are as committed as ever to continuing in that work. We won't have relevant information about either program that can be used to make the right choice until late 2024. If we think there is even a slight possibility that legislation would be introduced in 2025 to add glass wine containers to the Bottle Bill, failing to signal to other glass producers, the PRO, and the wine industry now, through passage of this bill, that glass wine containers will not be in EPR for the first year massively complicates the picture for those stakeholders over the next 16 months. We respectfully ask that you avoid adding further complication to this picture and pass HB 4013 to provide a one-year exemption for glass wine containers in the EPR program.

Thank you so much for your consideration of this important bill.

Sincerely,

Devon Morales

On behalf of:



**Oregon  
Winegrowers**  
ASSOCIATION EST 1981

Fawn Barrie

On behalf of:

