



To: House Regulatory Reform Committee

From: Thomas (Tom) Emmerich, Chief Operating Officer - Schupan & Sons, Inc.

Date: March 12, 2024

RE: Schupan & Sons, Inc. Statement of Support for HB 5421

Dear Chairman Carter, Vice-Chairs Liberati and Mueller, and Committee Members:

I represent Schupan & Sons, Inc. (Schupan) and UBCR, LLC. Schupan is a 56 year old, family owned, Michigan company located in Kalamazoo. UBCR, is jointly owned by Schupan and TOMRA North America, and is the industry's premier pick-up agent, who handles approximately 75% of Michigan's deposit containers. We have extensive experience and knowledge related to the states extremely popular bottle return system.

I have personally worked directly in Michigan's beverage and deposit system for 37 years as a service provider picking up, processing and/or marketing Michigan's deposit containers. As a strong proponent of our current beverage container deposit law and system, I believe I can share valuable insight as to why **HB 5421**, would assist in enhancing the current system.

It is important to point out a couple of key facts as related to the state of Michigan's return rates:

1. The Michigan deposit program pick up and processing services are run by, and paid for, by the Soft Drink and Beer distributors. Distributors are responsible for initiating the deposit and working with retailers and recyclers to ensure deposit containers are efficiently and properly managed and recycled.
2. Michigan has long been considered the most efficient deposit system in the country, until recently, due to the consumer convenience of the system being 100% return to retail and the continuous improvement initiatives of the stakeholders.
3. The return rate for deposit containers in the state of Michigan was consistently greater than or near 90% prior to the pandemic.
4. The State Treasury department has reported the return rate has declined to around 75% for the years 2020, 2021 and 2022.
5. Our preliminary data suggests 2023 return rate will be very similar.
6. As a service provider, our processing and handling volumes are consistent with the declining return rates with a more significantly decline coming from smaller retailers, on-premise dealers, recreational/sporting venues, etc.

Our deposit system has succeeded over the years by the industry coming together (Distributors, Retailers and Recyclers) to continuously improve the process. Integrity, efficient logistics and operations, and quality of data collection is of the utmost importance to the program's viability. Consumer convenience is extremely important to bottle redemption and HB 5421 would further clarify the law with detailed hours of operation at all retailers adding to the integrity of system. This will create consistency across all redemption locations and make refunds available to consumers doing the right thing by taking their deposit containers back to their local retailer.

I appreciate the opportunity to share my thoughts. I would be happy to entertain any questions from the committee. Thank you.

Sincerely,

Thomas B. Emmerich, COO Schupan and Son's Inc.