



To: The House Ways and Means Committee
From: Thomas (Tom) Emmerich, Chief Operating Officer - Schupan & Sons, Inc.
Date: March 4, 2020
RE: Schupan & Sons, Inc. Statement of Support for HB 5422, HB 5423, 5424, HB 5425

Dear Chairman Iden, Vice-Chairs Lilly and Warren, and Members of the Committee;

I represent Schupan & Sons, Inc. (Schupan) and UBCR, LLC (UBCR). Schupan is a 52 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 60% of Michigan's deposit containers. We have extensive experience and knowledge as related to these 4 bills and their impact on the state's extremely popular, efficient, and effective bottle return system.

I have personally worked directly in Michigan's beverage and deposit system for 34 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 these bills are timely and would assist in improving upon an already very successful system.

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 quality of data collection is of the utmost importance to the program's viability. While many steps have been taken over the years to successfully reduce fraud, these bills would continue the industry's focus on improvement and close a loophole by making it illegal (with penalties) to sell carbonated beverages within our state without collecting a deposit. Anything that enhances the integrity of our current deposit law, which these bills will do, Schupan and UBCR will always be strongly in favor of.

As for the redistribution of escheats funds outlined in Rep. Iden's HB 5423, I believe the time has come for a portion of these funds to be shared with the beverage distributor community. These distributors are responsible for initiating the deposit, and ensuring the containers are efficiently picked up and recycled. They engage with companies like Schupan and UBCR to ensure the overall system is run professionally, efficiently, and in a cost effective manner. As is the case in all businesses, these costs tend to escalate over time, in particular for mature operations that have been reengineered time and again, as Schupan and UBCR have done for the last 25 years. I can attest to the fact that over the past 10 years alone, the cost to service the system has increased over 18% due to increases in labor, insurance, trucking, equipment, maintenance, etc. When the escheats money was taken out of the distributor network in the mid-1990s, a revenue source that helped distributors support the deposit system was also removed. I believe it only makes good common sense to address that issue as we look to improve upon, and sustain, the viability of our state's extremely successful deposit system for many years to come.



I appreciate the opportunity to share my thoughts of support for these 4 bills. We have a great deposit system in Michigan, revered nationally by many as the best in the country. I strongly advocate to do the right thing in taking one more step toward improving the integrity as well as providing additional financial resources for long term sustainability of our world class Michigan deposit system. I would be happy to entertain any questions from the committee pertaining to these bills.

Thank you.

Sincerely,

Thomas B. Emmerich, COO Schupan and Sons Inc.

