

TESTIMONY ON ASSEMBLY BILL 266

ASSEMBLY COMMITTEE ON CONSUMER PROTECTION AND PERSONAL PRIVACY

FEBRUARY 14, 2012

I would like to thank Chairman Ripp and the committee members giving me the opportunity to testify today in favor of Assembly Bill 266.

Current law has created a problem for many Wisconsin small businesses involved in the sale and distribution of lead acid batteries. The state has a mandated cap of \$5.00 per battery which does not reflect the prevailing market value of used lead acid batteries as the cap has not been updated since 1995. With a core deposit cap of \$5.00 per used battery core – small businesses are unable to price used battery cores according to the prevailing market price for used battery cores. At a time when prevailing market values for used batteries are at an all-time high this statutory mandate jeopardizes the viability of many Wisconsin small businesses that rely on scrap battery supply to maintain a competitive advantage in the marketplace.

The legislation before you today is the result of the hard work and dedication of a small business owner and constituent of Rep. Honadel and mine, Michael Moeller, who is president of the Remy Battery Company in Milwaukee. A little over a year ago, Mike met with us and brought this problem and the solution to our attention.

The problem is this - Currently core charges from battery manufacturers and wholesalers may be larger than the allowed deposit amount, which may result in a net loss to the retailer. A manufacturer may charge a \$15 core charge but the retailer can only charge a \$5 core charge. If the retailer does not get the used battery back from the customer, the retailer is out \$10. In turn, retailers may have to raise prices on consumers because new battery pricing is determined with the assumption that the used battery will be returned. If the retailer is not sending back enough used batteries back to the manufacturer, a surcharge may be imposed by the manufacturer on the retailer.

AB 266 removes the deposit cap and instead requires a deposit not *less than* \$5, allowing the market to set the core charge amount. The bill seeks to ensure a fair and level competitive environment for Wisconsin consumers and businesses while continuing the benefits of battery recycling.

I am sure members of this committee are well aware of the dangers and high social costs of improperly discarded lead acid batteries. Improper disposal can pose an unacceptable risk to human health and the environment. Also, it further strains local budgets by requiring cities and municipalities to dedicate resources ensuring hazardous products are directed to the appropriate legal waste streams. Proper disposal will also save a significant amount of space that these batteries would likely take up in local landfills.

In addition to helping the pocket book of small businesses, changing the deposit rate to “not less than” five dollars will have a significant effect in protecting the health and safety of the people in our state by encouraging the legal and proper disposal of lead acid batteries. Passage of the law will help reduce the amount of toxic chemicals leaching through the soil and into the water supply.

This is a common sense, bi-partisan bill that has a net benefit to business and the environment. While the idea for the bill was originally brought to us by a constituent, we have since heard from businesses and associations from across the country, including Automotive Aftermarket Suppliers Association, the Motor & Equipment Manufacturers Association, Crown Battery Manufacturing Company, as well as environmental advocates Clean Wisconsin and the League of Conservation Voters.

After listening to the testimony before you today, I hope you will join us in supporting Assembly Bill 266. Thank you.