

Minnesota's Economy: What's reuse got to do with it?

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Overview

1. What is reuse?
Why did we do this analysis?
2. Methods and findings.
What did we do? What did we find?
3. Implications and opportunities.
So what?



What is reuse?

1. Distinct from recycling
2. Means using an item again, in its original form; extending the useful life of an item.
3. Happens before discarding for waste management.



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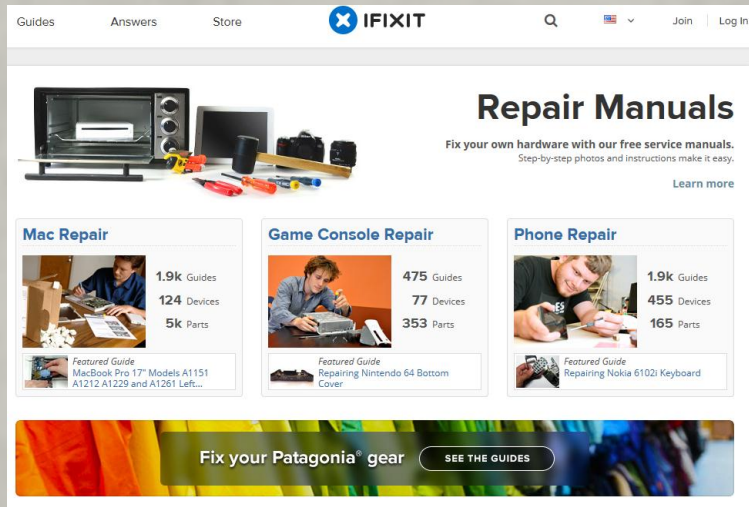
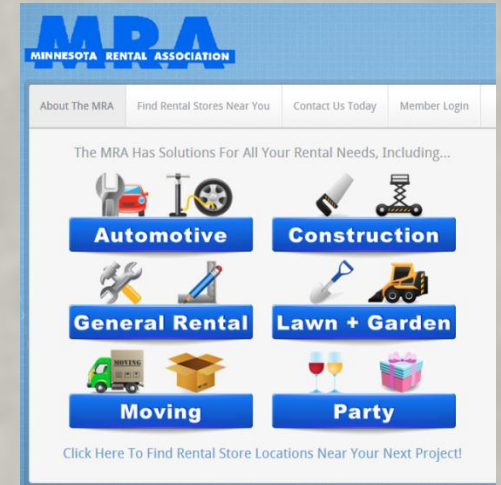
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Original: Vinyl
billboards

Repurposed →



Original:
Conveyor belts

Repurposed →



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*These examples courtesy of
Repurposed Materials,
Henderson CO*



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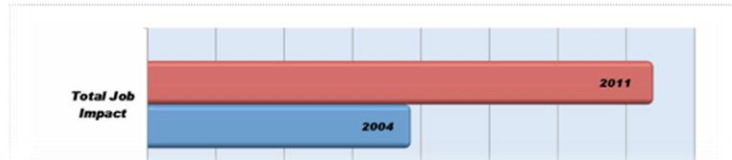
Why this study?

Recycling supports our economy



Recycling is increasingly valuable to the economy. What was once thought to be worthless – waste material – now has substantial value. For example, making a new aluminum can from recycled aluminum cans uses 95% less energy than using virgin materials. In addition, the companies that work in recycling have been increasing over time, and these companies provide jobs and contribute to Minnesota's economic health.

Adding jobs



*“Economic Activity
Associated with
Minnesota’s Reuse,
Repair and Rental
Sector”*

<http://www.pca.state.mn.us/uyhkddq>



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Method

- Focus: Economic activity (*not* environmental)
 - jobs, wages, sales from direct jobs
 - indirect and induced jobs
 - understand reuse spending impact on local spending
- Data from Dun and Bradstreet
- Interviews
 - businesses
 - economists



What's in? What's out?

In

- Resale of previously owned goods by business or charity.
- Salvage and refurbishment.
- Repair (extending item life).
- Rental



- Recycling.
- On-line sales and trades.
- Person-to-person sales, trades, rentals and repairs.



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Categories

Used sales ⁴	Rental	Repair
<ul style="list-style-type: none"> • Boats • Cars & trucks • General merchandise (any non-vehicle item) • Motor vehicle parts & tires • Motorcycles • Pawned items • Recreational vehicles • Snowmobiles, all terrain vehicles, jet skis & other off-road vehicles • Utility trailers 	<ul style="list-style-type: none"> • Commercial machinery & equipment • Consumer electronics, appliances & other goods • Formal wear & costumes • General rental centers • Home health equipment • Office machinery & equipment • Recreational goods • Recreational vehicles • Video tapes & discs 	<ul style="list-style-type: none"> • Appliances • Automotive vehicles • Commercial machinery & equipment • Communication equipment • Computer/office machines • Consumer electronics • Footwear & leather goods • Furniture • Home/garden equipment • Electronic & precision equipment • Personal & household goods

Select portions of these categories were included.



Data Gaps

Not included in data set:

- Part-time employees (jobs or wages)
- Wages of sole proprietors
- Volunteers
- Sales from privately-owned franchises of chain stores.

Thus, analysis is quite conservative and underestimates jobs and wages.



Findings: Jobs

Reuse
(Minnesota)

45,840 direct
jobs

Recycling
(Minnesota)

unknown



Findings: Jobs

Reuse (Minnesota)

45,840 direct
jobs

58,814 direct
+ indirect

Recycling (Minnesota)

unknown



Findings: Jobs

Reuse (Minnesota)

45,840 direct
jobs

58,814 direct
+ indirect

Recycling (Minnesota)

37,000 direct
+ indirect



Findings: Wages & Sales

Reuse (Minnesota)

\$1.1 billion
wages
(58,900 jobs)

\$4 billion
direct sales
(Dun & Bradstreet)

Recycling (Minnesota)

\$1.96 billion
wages
(37,000 jobs)

Not directly
comparable



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Findings: Sales

Reuse
(Minnesota)

\$4 billion
direct sales

Utilities
(Minnesota)

\$4.2 billion
GDP

Tourism
(Minnesota)

\$11 billion
direct sales



Other Findings

- Reuse, repair and rental 1.8 % of state jobs and estimated equivalent of 1.6% of GDP.
- While reused goods are taxed, the value of the used goods that are sold is not included in GDP. Only the value of services associated with selling a used item are included in GDP.



Reuse Spending

Reuse is like any other economic sector:

- “The economy doesn’t care how you spend your money.”
- “The consumer who buys used will buy something else or save it, both of which help the economy.”



Reuse Spending

Reuse has no sector-specific effect on macro-economy;
helps the individual:

- “Impacts are probably the same, whether new or used.
For the individual, he is better off, the money he saves is
the same as he gets in his paycheck.”



Reuse Spending

Reuse is a service, and more of a “service” dollar stays local than a “new good” dollar:

- “ Services tend to have more local connection. More will stay local if there is a local connection.
- “A locally-owned repair business could retain at least 50% of the repair dollar in the state. In contrast, new car dealerships” would keep only 13% of each dollar for locally paid expenses.



Reuse Spending

Our conclusion...

The macro-economy doesn't care how money is spent.

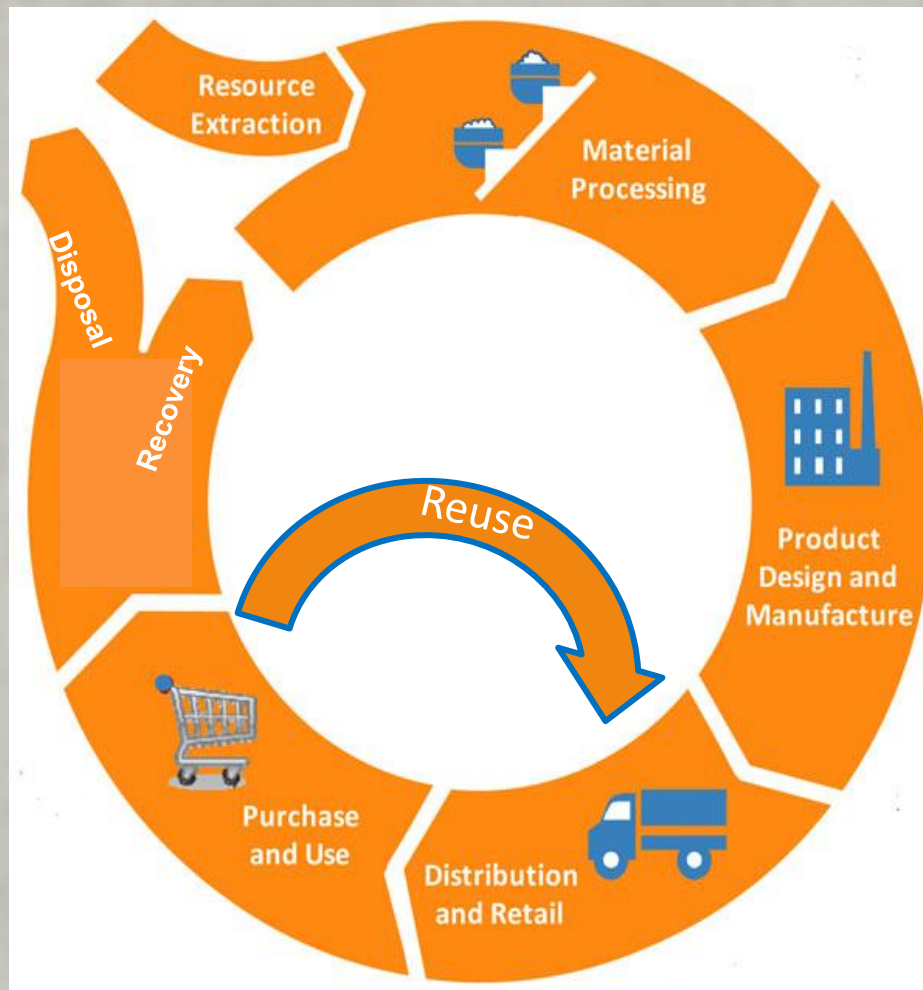
But the environment cares.

So does the individual, and so does the local economy.





What about environmental impact?



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Thank you!

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Find the study at
<http://www.pca.state.mn.us/uyhkddq>



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Addenda: Reuse Definition

For this analysis, we included businesses in NAICS codes that fit this definition:

Any business activity that extends the useful life of an item in its current state and helps keep it from being thrown out, or that provides the opportunity for a consumer to acquire or use an item second-hand that otherwise might have likely been bought new.



Addenda: Reuse Definition - detail

This definition includes resale by business or charity of previously-owned goods, salvage and refurbishment, repair that extends useful life (but not routine maintenance) and rental of things that are routinely purchased new.

Examples of intent: So for instance, we wanted to include clothing repair, but not laundry services. In automotive, we wanted to keep major repair like transmission, but not oil changes. In rental, we counted things like dishes and glasses, but not construction cranes, which are primarily rented, rarely bought new.

