



Senate

General Assembly

File No. 417

January Session, 2017

Substitute Senate Bill No. 996

Senate, April 4, 2017

The Committee on Environment reported through SEN. KENNEDY of the 12th Dist. and SEN. MINER of the 30th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT ESTABLISHING A BOTTLE RECYCLING FEE IN LIEU OF A REFUNDABLE DEPOSIT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2017*) (a) For purposes of this
2 section:

3 (1) "Early recycling fee beverage" means any beverage that is a juice,
4 tea, sports drink, spirit or alcohol;

5 (2) "Beverage container" means the individual, separate, sealed
6 glass, metal or plastic bottle, can, jar or carton containing an early
7 recycling fee beverage, but does not include a bottle, can, jar or carton
8 of more than fifty milliliters in size if containing a spirit or alcohol;

9 (3) "Consumer" means every person who purchases a beverage in a
10 beverage container for use or consumption;

11 (4) "Dealer" means every person who engages in the sale of early

12 recycling fee beverages in beverage containers to a consumer;

13 (5) "Distributor" means every person who engages in the sale of
14 early recycling fee beverages in beverage containers to a dealer in this
15 state including any manufacturer who engages in such sale and
16 includes a dealer who engages in the sale of early recycling fee
17 beverages in beverage containers on which no recycling fee has been
18 collected prior to retail sale;

19 (6) "Manufacturer" means every person bottling, canning or
20 otherwise filling beverage containers for sale to distributors or dealers
21 or, in the case of private label brands, the owner of the private label
22 trademark;

23 (7) "Place of business of a dealer" means the fixed location at which
24 a dealer sells or offers for sale early recycling fee beverages in beverage
25 containers to consumers;

26 (8) "Use or consumption" includes the exercise of any right or power
27 over an early recycling fee beverage incident to the ownership thereof,
28 other than the sale or the keeping or retention of an early recycling fee
29 beverage for the purposes of sale; and

30 (9) "Recycling fee initiator" means the first dealer to collect the
31 recycling fee on a beverage container sold to any person within this
32 state.

33 (b) Every beverage container containing an early recycling fee
34 beverage sold or offered for sale in this state by a dealer to a consumer,
35 except for any such beverage containers sold or offered for sale for
36 consumption on an interstate passenger carrier, shall have a recycling
37 fee. Such recycling fee shall not be less than four cents.

38 (c) Each recycling fee initiator shall open a special interest-bearing
39 account at a Connecticut branch of a financial institution, as defined in
40 section 45a-557a of the general statutes, to the credit of the recycling
41 fee initiator. Each recycling fee initiator shall deposit in such account
42 an amount equal to the recycling fee established pursuant to

43 subsection (b) of this section for each beverage container sold by such
44 recycling fee initiator. Such deposit shall be made not more than one
45 month after the date such beverage container is sold. All interest,
46 dividends and returns earned on the special account shall be paid
47 directly into such account. Such moneys shall be kept separate and
48 apart from all other moneys in the possession of the recycling fee
49 initiator. The amount required to be deposited pursuant to this section,
50 when deposited, shall be held to be a special fund in trust for the state.

51 (d) Each recycling fee initiator shall submit a quarterly report for the
52 immediately preceding calendar quarter, on or before the last day of
53 the month next succeeding the close of such quarter. Each such report
54 shall be submitted to the Commissioner of Revenue Services, on a form
55 prescribed by the Commissioner of Revenue Services, and with such
56 information as the Commissioner of Revenue Services deems
57 necessary, including, but not limited to, the following information: (1)
58 The balance in the special account at the beginning of the quarter for
59 which the report is prepared, (2) all recycling fees credited to such
60 account during such quarter, including all recycling fees paid to the
61 deposit initiator and all interest, dividends or returns received on such
62 account, (3) all withdrawals from such account during such quarter,
63 including all service charges and overdraft charges on such account
64 and all payments made pursuant to subsection (c) of this section, and
65 (4) the balance in such account at the close of the quarter for which the
66 report is prepared. Such quarterly report shall be filed electronically
67 with the Commissioner of Revenue Services, in the manner provided
68 by chapter 228g of the general statutes.

69 (e) On or before January 31, 2018, each recycling fee initiator shall
70 pay the balance outstanding in the special account that is attributable
71 to the period from October 1, 2017, to January 30, 2018, inclusive, to the
72 Commissioner of Revenue Services for deposit in the General Fund.
73 Subsequently, the balance outstanding in the special account that is
74 attributable to the immediately preceding calendar quarter shall be
75 paid by the recycling fee initiator on or before the last day of the
76 month next succeeding the close of such quarter to the Commissioner

77 of Revenue Services for deposit in the General Fund. If the amount of
78 the required payment pursuant to this subdivision is not paid on or
79 before the due date, a penalty of ten per cent of the amount due and
80 unpaid, or fifty dollars, whichever is greater, shall be imposed. The
81 amount due and unpaid shall bear interest at the rate of one per cent
82 per month or fraction thereof, from the due date. Any such penalty or
83 interest shall not be paid from funds maintained in such special
84 account. Such required payment shall be made by electronic funds
85 transfer to the Commissioner of Revenue Services, in the manner
86 provided by chapter 228g of the general statutes.

87 (f) The Commissioner of Revenue Services may examine the
88 accounts and records of any recycling fee initiator maintained under
89 this section and any related accounts and records, including receipts,
90 disbursements and such other items as the Commissioner of Revenue
91 Services deems appropriate.

92 (g) The Attorney General may, independently or upon complaint of
93 the Commissioner of Energy and Environmental Protection or the
94 Commissioner of Revenue Services, institute any appropriate action or
95 proceeding to enforce any provision of this section.

96 (h) The provisions of sections 12-548, 12-550 to 12-554, inclusive, and
97 12-555a of the general statutes shall be deemed to apply to the
98 provisions of this section, except any provision of sections 12-548, 12-
99 550 to 12-554, inclusive, and 12-555a of the general statutes that is
100 inconsistent with the provision in this section.

101 (i) Any payment required pursuant to this section shall be treated as
102 a tax for purposes of sections 12-30b, 12-33a, 12-35a, 12-39g and 12-39h
103 of the general statutes.

104 (j) For the period commencing October 1, 2017, and ending July 1,
105 2018, the Commissioner of Revenue Services shall make any recycling
106 fees collected pursuant to this section available for payment to the
107 redemption centers established pursuant to section 22a-245 of the
108 general statutes, as amended by this act, in a manner that enables any

109 dealer or operator of such redemption center to realize a handling fee
110 of two and one-half cents for each container of beer or other malt
111 beverage and three cents for each container of mineral waters, soda
112 water, and similar carbonated soft drink or noncarbonated beverage
113 returned for redemption, in accordance with the provisions of sections
114 22a-243 to 22a-246, inclusive, of the general statutes, as amended by
115 this act.

116 (k) Any person who violates any provision of this section shall be
117 fined by the Commissioner of Revenue Services or the Commissioner
118 of Energy and Environmental Protection, as applicable, not less than
119 fifty dollars nor more than one hundred dollars, and for a second
120 offense shall be fined not less than one hundred dollars nor more than
121 two hundred dollars and for a third or subsequent offense shall be
122 fined not less than two hundred fifty dollars or more than five
123 hundred dollars.

124 Sec. 2. (NEW) (*Effective October 1, 2017*) Notwithstanding the
125 provisions of section 22a-245a of the general statutes, as amended by
126 this act, any balance in a special interest-bearing account established
127 pursuant to section 22a-245a of the general statutes, as amended by
128 this act, as of March 31, 2018, and as of June 30, 2018, shall be held in
129 trust for the state by the deposit initiator and shall be used to refund
130 deposits to dealers until August 31, 2018. Any remaining balance in
131 any such account as of September 1, 2018, shall be paid to the
132 Commissioner of Revenue Services for deposit in the General Fund.

133 Sec. 3. Section 22a-243 of the general statutes is repealed and the
134 following is substituted in lieu thereof (*Effective July 1, 2018*):

135 For purposes of sections 22a-243 to 22a-245c, inclusive, as amended
136 by this act:

137 (1) "Carbonated beverage" means beer or other malt beverages, and
138 mineral waters, soda water and similar carbonated soft drinks in liquid
139 form and intended for human consumption;

140 (2) "Noncarbonated beverage" means, juice, tea, sports drink, spirit
141 or liquor and water, including flavored water, nutritionally enhanced
142 water and any beverage that is identified through the use of letters,
143 words or symbols on such beverage's product label as a type of water,
144 but excluding [juice and] mineral water;

145 (3) "Beverage container" means the individual, separate, sealed
146 glass, metal or plastic bottle, can, jar or carton containing a carbonated
147 or noncarbonated beverage, but does not include a bottle, can, jar or
148 carton (A) three liters or more in size if containing a noncarbonated
149 beverage, [or] (B) made of high-density polyethylene, or (C) more than
150 fifty milliliters in size if containing a spirit or liquor;

151 (4) "Consumer" means every person who purchases a beverage in a
152 beverage container for use or consumption;

153 (5) "Dealer" means every person who engages in the sale of
154 beverages in beverage containers to a consumer;

155 (6) "Distributor" means every person who engages in the sale of
156 beverages in beverage containers to a dealer in this state including any
157 manufacturer who engages in such sale and includes a dealer who
158 engages in the sale of beverages in beverage containers on which no
159 [deposit] recycling fee has been collected prior to retail sale;

160 (7) "Manufacturer" means every person bottling, canning or
161 otherwise filling beverage containers for sale to distributors or dealers
162 or, in the case of private label brands, the owner of the private label
163 trademark;

164 [(8) "Place of business of a dealer" means the fixed location at which
165 a dealer sells or offers for sale beverages in beverage containers to
166 consumers;

167 (9) "Redemption center" means any facility established to redeem
168 empty beverage containers from consumers or to collect and sort
169 empty beverage containers from dealers and to prepare such
170 containers for redemption by the appropriate distributors;]

171 [(10)] (8) "Use or consumption" includes the exercise of any right or
172 power over a beverage incident to the ownership thereof, other than
173 the sale or the keeping or retention of a beverage for the purposes of
174 sale; and

175 [(11) "Nonrefillable beverage container" means a beverage container
176 which is not designed to be refilled and reused in its original shape;
177 and]

178 [(12) "Deposit initiator"] (9) "Recycling fee initiator" means the [first
179 distributor to collect the deposit] dealer who collects the recycling fee
180 on a beverage container sold to any person within this state.

181 Sec. 4. Section 22a-244 of the general statutes is repealed and the
182 following is substituted in lieu thereof (*Effective July 1, 2018*):

183 (a) (1) [Every] For the period beginning July 1, 2018, and ending July
184 1, 2025, every beverage container containing a carbonated beverage
185 sold or offered for sale to a consumer by a dealer in this state, except
186 for any such beverage containers sold or offered for sale for
187 consumption on an interstate passenger carrier, shall have a [refund
188 value] recycling fee. Such [refund value] recycling fee shall not be less
189 than [five] four cents and shall be a uniform amount throughout the
190 distribution process in this state. (2) [Every] For the period beginning
191 July 1, 2018, and ending July 1, 2025, every beverage container
192 containing a noncarbonated beverage sold or offered for sale in this
193 state shall have a [refund value] recycling fee, except for beverage
194 containers containing a noncarbonated beverage that are [(A)] sold or
195 offered for sale for consumption on an interstate passenger carrier, [, or
196 (B) that comprise any dealer's existing inventory as of March 31, 2009.
197 Such refund value] Such recycling fee shall not be less than [five] four
198 cents. [and shall be a uniform amount throughout the distribution
199 process in this state.]

200 [(b) Every beverage container sold or offered for sale in this state,
201 that has a refund value pursuant to subsection (a) of this section, shall
202 clearly indicate by embossing or by a stamp or by a label or other

203 method securely affixed to the beverage container (1) either the refund
204 value of the container or the words "return for deposit" or "return for
205 refund" or other words as approved by the Department of Energy and
206 Environmental Protection, and (2) either the word "Connecticut" or the
207 abbreviation "Ct.", provided this subdivision shall not apply to glass
208 beverage containers permanently marked or embossed with a brand
209 name.]

210 [(c)] (b) No person shall sell or offer for sale in this state any metal
211 beverage container (1) a part of which is designed to be detached in
212 order to open such container, or (2) that is connected to another
213 beverage container by a device constructed of a material which does
214 not decompose by photodegradation, chemical degradation or
215 biodegradation within a reasonable time after exposure to the
216 elements.

217 Sec. 5. Section 22a-245a of the general statutes is repealed and the
218 following is substituted in lieu thereof (*Effective July 1, 2018*):

219 (a) Each [deposit] recycling fee initiator shall open a special interest-
220 bearing account at a Connecticut branch of a financial institution, as
221 defined in section 45a-557a, to the credit of the [deposit] recycling fee
222 initiator. Each [deposit] recycling fee initiator shall deposit in such
223 account an amount equal to the [refund value] recycling fee
224 established pursuant to subsection (a) of section 22a-244, as amended
225 by this act, for each beverage container sold by such [deposit] recycling
226 fee initiator. Such [deposit] recycling fee shall be made not more than
227 one month after the date such beverage container is sold. [, provided
228 for any beverage container sold during the period from December 1,
229 2008, to December 31, 2008, inclusive, such deposit shall be made not
230 later than January 5, 2009.] All interest, dividends and returns earned
231 on the special account shall be paid directly into such account. Such
232 moneys shall be kept separate and apart from all other moneys in the
233 possession of the [deposit] recycling fee initiator. The amount required
234 to be deposited pursuant to this section, when deposited, shall be held
235 to be a special fund in trust for the state.

236 [(b) (1) Any reimbursement of the refund value for a redeemed
237 beverage container shall be paid from the deposit initiator's special
238 account, with such payment to be computed, subject to the provisions
239 of subdivision (2) of this subsection, under the cash receipts and
240 disbursements method of accounting, as described in Section 446(c)(1)
241 of the Internal Revenue Code of 1986, or any subsequent
242 corresponding Internal Revenue Code of the United States, as
243 amended from time to time.

244 (2) A deposit initiator may petition the Commissioner of Revenue
245 Services for an alternate method of accounting by filing with such
246 deposit initiator's return a statement of objections and other proposed
247 alternate method of accounting, as such deposit initiator believes
248 proper and equitable under the circumstances, that is accompanied by
249 supporting details and proof. The Commissioner of Revenue Services
250 shall promptly notify such deposit initiator whether the proposed
251 alternate method is accepted as reasonable and equitable and, if so
252 accepted, shall adjust such deposit initiator's return and payment of
253 reimbursement accordingly.]

254 [(c)] (b) (1) [Each deposit initiator shall submit a report on March 15,
255 2009, for the period from December 1, 2008, to February 28, 2009,
256 inclusive.] Each [deposit] recycling fee initiator shall submit a report
257 on [July 31, 2009] October 31, 2018, for the period from [March 1, 2009,
258 to June 30, 2009] July 1, 2018, to September 30, 2018, inclusive, and
259 thereafter shall submit a quarterly report for the immediately
260 preceding calendar quarter one month after the close of such quarter.
261 Each such report shall be submitted to the Commissioner of Energy
262 and Environmental Protection, on a form prescribed by the
263 commissioner and with such information as the commissioner deems
264 necessary, including, but not limited to: (A) The balance in the special
265 account at the beginning of the quarter for which the report is
266 prepared; (B) a list of all [deposits] recycling fees credited to such
267 account during such quarter, including all [refund values] recycling
268 fees paid to the [deposit] recycling fee initiator and all interest,
269 dividends or returns received on the account; (C) a list of all

270 withdrawals from such account during such quarter, all service
271 charges and overdraft charges on the account and all payments made
272 pursuant to subsection [(d)] (c) of this section; and (D) the balance in
273 the account at the close of the quarter for which the report is prepared.

274 (2) Each [deposit] recycling fee initiator shall submit a report on
275 October 31, [2010] 2018, for the calendar quarter beginning July 1,
276 [2010] 2018. Subsequently, each [deposit] recycling fee initiator shall
277 submit a quarterly report for the immediately preceding calendar
278 quarter, on or before the last day of the month next succeeding the
279 close of such quarter. Each such report shall be submitted to the
280 Commissioner of Revenue Services, on a form prescribed by the
281 Commissioner of Revenue Services, and with such information as the
282 Commissioner of Revenue Services deems necessary, including, but
283 not limited to, the following information: (A) The balance in the special
284 account at the beginning of the quarter for which the report is
285 prepared, (B) all [deposits] recycling fees credited to such account
286 during such quarter, including all [refund values] recycling fees paid
287 to the [deposit] recycling fee initiator and all interest, dividends or
288 returns received on such account, (C) all withdrawals from such
289 account during such quarter, including all service charges and
290 overdraft charges on such account and all payments made pursuant to
291 subsection [(d)] (c) of this section, and (D) the balance in such account
292 at the close of the quarter for which the report is prepared. Such
293 quarterly report shall be filed electronically with the Commissioner of
294 Revenue Services, in the manner provided by chapter 228g.

295 [(d) (1) On or before April 30, 2009, each deposit initiator shall pay
296 the balance outstanding in the special account that is attributable to the
297 period from December 1, 2008, to March 31, 2009, inclusive, to the
298 Commissioner of Energy and Environmental Protection for deposit in
299 the General Fund. Thereafter, the balance outstanding in the special
300 account that is attributable to the immediately preceding calendar
301 quarter shall be paid by the deposit initiator one month after the close
302 of such quarter to the Commissioner of Energy and Environmental
303 Protection for deposit in the General Fund. If the amount of the

304 required payment pursuant to this subdivision is not paid by the date
305 seven days after the due date, a penalty of ten per cent of the amount
306 due shall be added to the amount due. The amount due shall bear
307 interest at the rate of one and one-half per cent per month or fraction
308 thereof, from the due date. Any such penalty or interest shall not be
309 paid from funds maintained in the special account.]

310 [(2)] (c) On or before October 31, [2010] 2018, each [deposit]
311 recycling fee initiator shall pay the balance outstanding in the special
312 account that is attributable to the period from July 1, [2010] 2018, to
313 September 30, [2010] 2018, inclusive, to the Commissioner of Revenue
314 Services for deposit in the General Fund. Subsequently, the balance
315 outstanding in the special account that is attributable to the
316 immediately preceding calendar quarter shall be paid by the [deposit]
317 recycling fee initiator on or before the last day of the month next
318 succeeding the close of such quarter to the Commissioner of Revenue
319 Services for deposit in the General Fund. The recycling fee initiator
320 shall deduct from each quarterly payment due to the commissioner an
321 amount equal to the recycling fees charged to dealers that are
322 determined to be permanently uncollectable during the preceding
323 calendar quarter. If the amount of the required payment pursuant to
324 this subdivision is not paid on or before the due date, a penalty of ten
325 per cent of the amount due and unpaid, or fifty dollars, whichever is
326 greater, shall be imposed. The amount due and unpaid shall bear
327 interest at the rate of one per cent per month or fraction thereof, from
328 the due date. Any such penalty or interest shall not be paid from funds
329 maintained in such special account. Such required payment shall be
330 made by electronic funds transfer to the Commissioner of Revenue
331 Services, in the manner provided by chapter 228g.

332 [(e) If moneys deposited in the special account are insufficient to
333 pay for withdrawals authorized pursuant to subsection (b) of this
334 section, the amount of such deficiency shall be subtracted from the
335 next succeeding payment or payments due pursuant to subsection (d)
336 of this section until the amount of the deficiency has been subtracted in
337 full.]

338 [(f)] (d) The Commissioner of Revenue Services may examine the
339 accounts and records of any [deposit] recycling fee initiator maintained
340 under this section or [sections] section 22a-243 [to 22a-245, inclusive,]
341 or 22a-244, as amended by this act, and any related accounts and
342 records, including receipts, disbursements and such other items as the
343 Commissioner of Revenue Services deems appropriate.

344 [(g)] (e) The Attorney General may, independently or upon
345 complaint of the Commissioner of Energy and Environmental
346 Protection or the Commissioner of Revenue Services, institute any
347 appropriate action or proceeding to enforce any provision of this
348 section, [or any regulation adopted pursuant to section 22a-245 to
349 implement the provisions of this section.]

350 [(h)] (f) The provisions of sections 12-548, 12-550 to 12-554, inclusive,
351 and 12-555a shall be deemed to apply to the provisions of this section,
352 except any provision of sections 12-548, 12-550 to 12-554, inclusive, and
353 12-555a that is inconsistent with the provision in this section.

354 [(i)] (g) Any payment required pursuant to this section shall be
355 treated as a tax for purposes of sections 12-30b, 12-33a, 12-35a, 12-39g
356 and 12-39h.

357 [(j)] Not later than July 1, 2010, the Department of Energy and
358 Environmental Protection or successor agency shall establish a
359 procedure that allows each such deposit initiator to take a credit
360 against any payment made pursuant to subsection (d) of this section in
361 the amount of the deposits refunded on beverage containers which
362 such deposit initiator donated for any charitable purpose.]

363 Sec. 6. Section 22a-245b of the general statutes is repealed and the
364 following is substituted in lieu thereof (*Effective July 1, 2018*):

365 Any manufacturer who bottles and sells two hundred fifty thousand
366 or fewer beverage containers containing a noncarbonated beverage
367 that are twenty ounces or less in size each calendar year may apply to
368 the Commissioner of Energy and Environmental Protection for an

369 exemption from the requirements of sections 22a-244 [to] and 22a-245a,
370 [inclusive] as amended by this act, with regard to such beverage
371 containers containing noncarbonated beverages. Such application shall
372 be accompanied by a sworn affidavit signed by such manufacturer or
373 such manufacturer's authorized agent certifying such manufacturer
374 bottles and sells two hundred fifty thousand or fewer of such beverage
375 containers per calendar year. [Any such application filed on or before
376 April 1, 2009, shall be deemed automatically approved and such
377 exemption shall remain valid until December 31, 2009.] Not later than
378 [November 1, 2009] October 31, 2018, and each year thereafter, each
379 such manufacturer or such manufacturer's authorized agent may
380 apply to the commissioner for an exemption in accordance with this
381 section on a form prescribed by the commissioner. The commissioner
382 shall approve each such application not later than thirty days after the
383 receipt of the application by the commissioner, provided the applicant
384 satisfies the requirements of this section.

385 Sec. 7. Section 22a-245c of the general statutes is repealed and the
386 following is substituted in lieu thereof (*Effective July 1, 2018*):

387 Any manufacturer, dealer or distributor of beverage containers
388 containing noncarbonated beverages may apply to the Governor or the
389 Secretary of the Office of Policy and Management for a delay in the
390 implementation of the requirements imposed by the provisions of
391 sections 22a-244 [to] and 22a-245a, [inclusive] as amended by this act,
392 with regard to such beverage containers containing noncarbonated
393 beverages. Such application may be on a form prescribed by the
394 Governor or the secretary. The Governor or the secretary may delay
395 the implementation of such requirements upon the showing of undue
396 hardship to the industries affected by such requirements, but in no
397 case shall such requirements be implemented later than October 1,
398 [2009] 2019.

399 Sec. 8. Section 22a-246 of the general statutes is repealed and the
400 following is substituted in lieu thereof (*Effective July 1, 2018*):

401 Any person who violates any provision of section 22a-244 [, 22a-245]

402 or 22a-245a, as amended by this act, shall be fined not less than fifty
403 dollars nor more than one hundred dollars, and for a second offense
404 shall be fined not less than one hundred dollars nor more than two
405 hundred dollars and for a third or subsequent offense shall be fined
406 not less than two hundred fifty dollars or more than five hundred
407 dollars.

408 Sec. 9. Subsection (b) of section 22a-251 of the general statutes is
409 repealed and the following is substituted in lieu thereof (*Effective July*
410 *1, 2018*):

411 (b) The provisions of sections 22a-247 to 22a-249, inclusive, and 22a-
412 250 shall be in addition to and shall not supersede any provision of
413 [sections] section 22a-243 [to 22a-245, inclusive] or 22a-244, as
414 amended by this act.

415 Sec. 10. Subdivision (8) of section 12-407 of the general statutes is
416 repealed and the following is substituted in lieu thereof (*Effective July*
417 *1, 2018*):

418 (8) (A) "Sales price" means the total amount for which tangible
419 personal property is sold by a retailer, the total amount of rent for
420 which occupancy of a room is transferred by an operator, the total
421 amount for which any service described in subdivision (2) of this
422 subsection is rendered by a retailer or the total amount of payment or
423 periodic payments for which tangible personal property is leased by a
424 retailer, valued in money, whether paid in money or otherwise, which
425 amount is due and owing to the retailer or operator and, subject to the
426 provisions of subdivision (1) of section 12-408, whether or not actually
427 received by the retailer or operator, without any deduction on account
428 of any of the following: (i) The cost of the property sold; (ii) the cost of
429 materials used, labor or service cost, interest charged, losses or any
430 other expenses; (iii) for any sale occurring on or after July 1, 1993, any
431 charges by the retailer to the purchaser for shipping or delivery,
432 notwithstanding whether such charges are separately stated in a
433 written contract, or on a bill or invoice rendered to such purchaser or
434 whether such shipping or delivery is provided by the retailer or a third

435 party. The provisions of subparagraph (A) (iii) of this subdivision shall
436 not apply to any item exempt from taxation pursuant to section 12-412.
437 Such total amount includes any services that are a part of the sale;
438 except as otherwise provided in subparagraph (B)(v) or (B)(vi) of this
439 subdivision, any amount for which credit is given to the purchaser by
440 the retailer, and all compensation and all employment-related
441 expenses, whether or not separately stated, paid to or on behalf of
442 employees of a retailer of any service described in subdivision (2) of
443 this subsection.

444 (B) "Sales price" does not include any of the following: (i) Cash
445 discounts allowed and taken on sales; (ii) any portion of the amount
446 charged for property returned by purchasers, which upon rescission of
447 the contract of sale is refunded either in cash or credit, provided the
448 property is returned within ninety days from the date of purchase; (iii)
449 the amount of any tax, not including any manufacturers' or importers'
450 excise tax, imposed by the United States upon or with respect to retail
451 sales whether imposed upon the retailer or the purchaser; (iv) the
452 amount charged for labor rendered in installing or applying the
453 property sold, provided such charge is separately stated and exclusive
454 of such charge for any service rendered within the purview of
455 subparagraph (I) of subdivision (37) of this subsection; (v) unless the
456 provisions of subdivision (4) of section 12-430 or of section 12-430a are
457 applicable, any amount for which credit is given to the purchaser by
458 the retailer, provided such credit is given solely for property of the
459 same kind accepted in part payment by the retailer and intended by
460 the retailer to be resold; (vi) the full face value of any coupon used by a
461 purchaser to reduce the price paid to a retailer for an item of tangible
462 personal property, whether or not the retailer will be reimbursed for
463 such coupon, in whole or in part, by the manufacturer of the item of
464 tangible personal property or by a third party; (vii) the amount
465 charged for separately stated compensation, fringe benefits, workers'
466 compensation and payroll taxes or assessments paid to or on behalf of
467 employees of a retailer who has contracted to manage a service
468 recipient's property or business premises and renders management
469 services described in subparagraph (I) or (J) of subdivision (37) of this

470 subsection, provided, the employees perform such services solely for
471 the service recipient at its property or business premises and "sales
472 price" shall include the separately stated compensation, fringe benefits,
473 workers' compensation and payroll taxes or assessments paid to or on
474 behalf of any employee of the retailer who is an officer, director or
475 owner of more than five per cent of the outstanding capital stock of the
476 retailer. Determination whether an employee performs services solely
477 for a service recipient at its property or business premises for purposes
478 of this subdivision shall be made by reference to such employee's
479 activities during the time period beginning on the later of the
480 commencement of the management contract, the date of the
481 employee's first employment by the retailer or the date which is six
482 months immediately preceding the date of such determination; (viii)
483 the amount charged for separately stated compensation, fringe
484 benefits, workers' compensation and payroll taxes or assessments paid
485 to or on behalf of (I) a leased employee, or (II) a worksite employee by
486 a professional employer organization pursuant to a professional
487 employer agreement. For purposes of this subparagraph, an employee
488 shall be treated as a leased employee if the employee is provided to the
489 client at the commencement of an agreement with an employee leasing
490 organization under which at least seventy-five per cent of the
491 employees provided to the client at the commencement of such initial
492 agreement qualify as leased employees pursuant to Section 414(n) of
493 the Internal Revenue Code of 1986, or any subsequent corresponding
494 internal revenue code of the United States, as from time to time
495 amended, or the employee is added to the client's workforce by the
496 employee leasing organization subsequent to the commencement of
497 such initial agreement and qualifies as a leased employee pursuant to
498 Section 414(n) of said Internal Revenue Code of 1986 without regard to
499 subparagraph (B) of paragraph (2) thereof. A leased employee, or a
500 worksite employee subject to a professional employer agreement, shall
501 not include any employee who is hired by a temporary help service
502 and assigned to support or supplement the workforce of a temporary
503 help service's client; (ix) any amount received by a retailer from a
504 purchaser as the battery deposit that is required to be paid under

505 subsection (a) of section 22a-245h; the [refund value] recycling fee of a
506 beverage container that is required to be paid under subsection (a) of
507 section 22a-244, as amended by this act; or a deposit that is required by
508 law to be paid by the purchaser to the retailer and that is required by
509 law to be refunded to the purchaser by the retailer when the same or
510 similar tangible personal property is delivered as required by law to
511 the retailer by the purchaser, if such amount is separately stated on the
512 bill or invoice rendered by the retailer to the purchaser; and (x) the
513 amount charged for separately stated compensation, fringe benefits,
514 workers' compensation and payroll taxes or assessments paid to a
515 media payroll services company, as defined in this subsection.

516 Sec. 11. (NEW) (*Effective July 1, 2018*) (a) There is established a
517 separate, nonlapsing account within the General Fund, known as the
518 "recycling fee account". The Commissioner of Revenue Services shall
519 credit two cents of every recycling fee received by the commissioner in
520 accordance with the provisions of sections 22a-244 and 22a-245a of the
521 general statutes, as amended by this act, to the recycling fee account.
522 Said account may also receive funds from private or public sources,
523 including the federal government or a municipal government.

524 (b) Within the recycling fee account, there shall be the following
525 subaccounts, the: (1) Collectors' subaccount, (2) tipping fee subaccount,
526 and (3) beverage container reuse subaccount. The commissioner shall
527 credit the recycling fees received in the recycling fee account, pursuant
528 to subsection (a) of this section, equally among each of the three
529 subaccounts established pursuant to this subsection.

530 (c) Any funds credited to the collectors' subaccount in accordance
531 with the provisions of subsection (b) of this section shall be utilized to
532 make payments to collectors registered to haul solid waste pursuant to
533 section 22a-220a of the general statutes. Such payments shall be made
534 in a manner that reflects any verifiable increased volume in the
535 number of beverage containers, as defined in section 22a-243 of the
536 general statutes, as amended by this act, that a collector hauls as a
537 result of the provisions of section 12 of this act. The Commissioners of

538 Revenue Services and Energy and Environmental Protection shall
539 determine the terms and amount of any such payment, including, but
540 not limited to, the frequency of any such payments. The Commissioner
541 of Energy and Environmental Protection, in consultation with the
542 Commissioner of Revenue Services, may adopt regulations, in
543 accordance with the provisions of chapter 54 of the general statutes, to
544 implement the provisions of this subsection.

545 (d) Any funds credited to the tipping fee subaccount in accordance
546 with the provisions of subsection (b) of this section shall be utilized to
547 make payments to municipalities that realize an increase in tipping
548 fees paid by such municipalities that are verifiably attributable to the
549 provisions of section 12 of this act. The Commissioners of Revenue
550 Services and Energy and Environmental Protection shall determine the
551 terms and amount of any such payment, including, but not limited to,
552 the frequency of any such payments. The Commissioner of Energy and
553 Environmental Protection, in consultation with the Commissioner of
554 Revenue Services, may adopt regulations, in accordance with the
555 provisions of chapter 54 of the general statutes, to implement the
556 provisions of this subsection. Nothing in this subsection shall be
557 deemed to affect the payment of any grant to a municipality pursuant
558 to section 22a-219b or 22a-219c of the general statutes.

559 (e) Any funds credited to the beverage container reuse subaccount
560 in accordance with the provisions of subsection (b) of this section shall
561 be utilized by the Commissioner of Energy and Environmental
562 Protection and the Recycle CT Foundation, Inc. to fund the
563 development of reuses for beverage containers, as defined in section
564 22a-243 of the general statutes, as amended by this act, that are
565 recycled in accordance with the provisions of section 22a-241b of the
566 general statutes. Such funds shall be expended to fund research,
567 projects, purposes, including but not limited to, industry and
568 businesses, and other efforts that result in the reuse of such beverage
569 containers in this state. The Commissioner of Energy and
570 Environmental Protection, in consultation with the Recycle CT
571 Foundation Council, shall determine the requirements and terms for

572 any funds awarded to any person pursuant to the provisions of this
 573 subsection, including, but not limited to, the amount of any funds
 574 awarded pursuant to this subsection. In developing such requirements,
 575 the commissioner may consult with Connecticut Innovations,
 576 Incorporated. Such quasi-public agency shall provide the
 577 commissioner with any information that the commissioner determines
 578 is necessary for the performance of the commissioner's responsibilities
 579 pursuant to this subsection. The Commissioner of Energy and
 580 Environmental Protection may adopt regulations in accordance with
 581 the provisions of chapter 54 of the general statutes to implement the
 582 provisions of this subsection.

583 Sec. 12. Section 22a-245 of the general statutes is repealed. (*Effective*
 584 *July 1, 2018*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2017</i>	New section
Sec. 2	<i>October 1, 2017</i>	New section
Sec. 3	<i>July 1, 2018</i>	22a-243
Sec. 4	<i>July 1, 2018</i>	22a-244
Sec. 5	<i>July 1, 2018</i>	22a-245a
Sec. 6	<i>July 1, 2018</i>	22a-245b
Sec. 7	<i>July 1, 2018</i>	22a-245c
Sec. 8	<i>July 1, 2018</i>	22a-246
Sec. 9	<i>July 1, 2018</i>	22a-251(b)
Sec. 10	<i>July 1, 2018</i>	12-407(8)
Sec. 11	<i>July 1, 2018</i>	New section
Sec. 12	<i>July 1, 2018</i>	Repealer section

Statement of Legislative Commissioners:

In Subdivision (2) of Section 4, "For the period beginning July 1, 2018, and ending October 1, 2025, every" was added for consistency. In Section 11, references to "Section 10" were changed to "Section 12", for accuracy.

ENV Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 18 \$	FY 19 \$
Revenue Serv., Dept.	GF - Cost	522,034	489,378
State Comptroller - Fringe Benefits ¹	GF - Cost	111,206	148,275
Department of Revenue Services	GF - Revenue Gain	Potential	None
Department of Revenue Services	GF - Revenue Loss	None	1.1 million
Department of Revenue Services	GF- Recycling Fee Account - Revenue Gain	None	32.4 million

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 18 \$	FY 19 \$
Various Municipalities	STATE MANDATE - Cost	None	Potential
Various Municipalities	Revenue Gain	None	Potential

Explanation

The bill replaces the current bottle redemption system with an expanded recycling program that levies a non-refundable minimum four-cent fee on an expanded range of containers beginning in FY 18

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 38.08% of payroll in FY 18 and FY 19.

and ending in FY 25.²

Elimination of Bottle Redemption System

The bill eliminates the existing bottle redemption system beginning on July 1, 2018. This results in a General Fund revenue loss of approximately \$33.5 million annually from bottle escheats beginning in FY 19.

Section 2 of the bill specifies any balance in bottle redemption accounts as of March 31, 2018 and June 30, 2018 be used to refund deposits to dealers until August 31, 2018 with any balance remaining on September 1, 2018 to be deposited in the General Fund. To the extent this results in a one-time increase in escheat revenue to the General Fund, the revenue loss could be less than \$33.5 million in FY 19.

Early Recycling Fee

Effective October 1, 2017 the bill establishes a minimum four-cent “early recycling fee” on juice, tea, sports drinks, and spirits or alcohol in containers of up to 50 milliliters (“nips”). This is estimated to generate approximately \$11 million in FY 18.³

The bill specifies that this revenue be deposited in the General Fund and be made available to redemption centers in a manner that enables them to realize handling fees at higher rates than under current law. It is assumed that any revenue remaining after payments to redemption centers would remain in the General Fund; thus, this results in a potential one-time revenue gain to the General Fund in FY 18.

The bill establishes fines for violation of the early recycling fee provisions. To the extent any such violations occur, this results in a

² The bill specifies that the new recycling fees cannot be less than four cents but does not specify a specific or maximum amount. For the purposes of this analysis, it is assumed that all such fees are levied at four cents.

³ The bill does not specify an end date for the “early recycling fee.” However, for the purposes of this analysis, it is assumed that it becomes subsumed in the “recycling fee” established in Section 4 of the bill.

potential minimal revenue gain in FY 18.

Recycling Fee

Beginning July 1, 2018 and continuing until July 1, 2025 the bill establishes a minimum four-cent recycling fee on beverage containers subject to the current bottle redemption law and juice, tea, sports drinks, and nips. This is estimated to generate approximately \$64.9 million annually.

The bill specifies that half the revenue be deposited in the General Fund and half the revenue be deposited in a new Recycling Fee Account within the General Fund. This results in a General Fund revenue gain of approximately \$32.4 million annually from FY 19 through FY 25, and a Recycling Fee Account revenue gain of approximately \$32.4 million annually from FY 19 through FY 25.

The bill further specifies that revenue deposited in the Recycling Fee Account be split evenly between the collector's subaccount, tipping fee subaccount, and beverage container use subaccount for various enumerated uses.

Administrative Costs

To administer the newly established fee, the Department of Revenue Services (DRS) would require two Revenue Examiners (\$66,213 for salary and \$25,214 for fringe costs each), two Tax Corrections Examiners (\$58,640 for salary and \$22,330 for fringe costs each), and two Revenue Agents (\$69,836 for salary and \$26,594 for fringe costs each), as well as approximately \$100,000 in annual overtime and temporary employee costs. This estimate is based on the administrative requirements of other state trust taxes.

The DRS would also incur a one-time cost of approximately \$155,000 in FY 18 for form development and printing, changes to the online Taxpayer Service Center (TSC) associated with electronic filing, programming changes to the agency's Integrated Tax Administration System (ITAS), and mailing expenses.

Municipal Impact

There is a cost to municipalities that experience increased tipping fees as a result of the expanded recycling program under the bill's provisions. The cost will vary based on the volume of new items municipalities must recycle. It is anticipated that the cost to municipalities will be at least partially offset by revenue deposited into the newly established tipping fee subaccount and used to reimburse municipalities for these costs.

The Out Years

The annualized ongoing fiscal impact identified above associated with the recycling fee would continue through FY 25, at which point the recycling fee terminates. The annualized ongoing revenue loss from the elimination of the bottle redemption system would continue into the future.

*Sources: Container Recycling Institute
Department of Revenue Services Bottle Escheat Data
Maine Bureau of Alcoholic Beverages and Lottery Operations Sales Figures*

OLR Bill Analysis**sSB 996*****AN ACT ESTABLISHING A BOTTLE RECYCLING FEE IN LIEU OF A REFUNDABLE DEPOSIT.*****SUMMARY**

This bill replaces the existing bottle redemption system with a two-phase beverage container recycling system covering an expanded range of containers. Under the new system retail customers pay a minimum four-cent, nonrefundable recycling fee instead of a redeemable nickel deposit on covered beverage containers, as the current system requires. The bill terminates the new recycling program on July 1, 2025.

In the first phase of the new recycling system, starting October 1, 2017, the bill imposes a recycling fee on items not redeemable under current law: juice; tea; sports drinks; and spirits or alcohol in containers of up to 50 milliliters (“nips”). The bill refers to these beverages as “early recycling fee beverages.”

The second phase, starting July 1, 2018, expands the recycling program by also imposing the minimum four-cent recycling fee on containers that are now redeemable. These include containers for beer and other malt beverages, mineral water, soda and other carbonated soft drinks, and water. As under current law, containers include bottles, cans, jars, and cartons made of glass, metal, or plastic.

Beginning July 1, 2018, the bill requires that two cents of each four-cent recycling fee be used to (1) develop reuses for the recycled containers and (2) help compensate solid waste haulers and municipalities for increases in the volume of recycled material.

The bill increases, for the nine months between October 1, 2017 and

July 1, 2018, the handling fee distributors pay retailers and redemption centers. It increases, from 1.5 cents to 2.5 cents, the handling fee for beer and malt beverages, and, from 2 cents to 3 cents, the handling fee for soda and carbonated drinks, mineral water, and water. It eliminates redemption centers as of July 1, 2018.

The bill generally imposes on the recycling program the same administrative and enforcement requirements that now apply to the bottle redemption program, including specifying that the recycling fee is not part of an item's price for sales tax purposes.

The governor or Office of Policy and Management secretary may delay implementation of provisions of the bill that take effect July 1, 2018 for manufacturers, dealers, or distributors of noncarbonated beverages (water, juice, tea, sports drinks, or nips) if they can show that the recycling fee would create undue hardship for their businesses. But the bill must be implemented no later than October 1, 2019. It is not clear how the bill affects manufacturers and distributors.

The bill also makes conforming changes.

EFFECTIVE DATE: October 1, 2017 for the provisions affecting juice, tea, sports drinks, and certain liquor bottles and July 1, 2018 for the provisions affecting beverages now redeemable.

EARLY RECYCLING FEE (PHASE I)

Fee Amount and Base

Starting October 1, 2017, the bill imposes a recycling fee of at least four cents on containers of juice; tea; sports drinks; and spirits or alcohol in containers of up to 50 milliliters ("nips"). Containers include certain bottles, cans, jars, and cartons made of glass, metal, or plastic. Unlike the current bottle redemption system, the bill does not require that these containers be specially marked or identified. (The bill defines several terms, such as distributor and manufacturer, to which it does not later refer in this section.)

Special Accounts

Under the bill, a recycling fee initiator (hereinafter “initiator”) is the first dealer to collect the recycling fee on an early recycling fee beverage. The bill, similar to the current bottle redemption law, requires initiators to open a special interest-bearing account in a state branch of a financial institution, such as a bank, trust company, or credit union, and deposit into the account an amount equal to the recycling fee for each container they sell. They must make this deposit no later than one month after selling the container. Money in this account must be kept separate from other funds the initiator possesses and held in a special fund in trust for the state. All interest, dividends, and returns earned on the special account must be paid directly into the account.

By January 31, 2018, each initiator must pay the balance outstanding in the special account attributable to the four-month period from October 1, 2017 through January 30, 2018 to the Department of Revenue Services (DRS) commissioner for deposit into the General Fund. Subsequent balances must be paid on a quarterly basis by the initiator by the last day of the month following the quarter (i.e., the balance for the quarter ending March 31 must be paid by April 30). Presumably, the second quarterly payment following the four-month period would include only fees collected in February and March.

An initiator who does not make the required payment on time must pay a penalty of 10% of the amount due, or \$50, whichever is greater. The initiator must also pay interest of 1% per month, or portion thereof, on the amount due and unpaid. The initiator must make the payments to DRS electronically. It cannot use any funds in the special account to pay any penalty or interest.

The bill authorizes the DRS commissioner to examine the accounts and records of any initiator, including related receipts, disbursements, and other items the commissioner deems appropriate. The attorney general may take any appropriate action to enforce the bill, acting either independently or on complaints by the commissioners of DRS or the Department of Energy and Environmental Protection (DEEP).

Under the bill, payments made by initiators are considered a tax for purposes of certain DRS administrative procedures, such as limits on interest paid on certain overpayments and liens on personal property. The DRS audit, collection, and other tax administration procedures applicable to the admissions and dues taxes apply to the payments except where inconsistent.

Handling Fee Increases

The bill requires the DRS commissioner, from October 1, 2017 until July 1, 2018, to make recycling fee revenue available for payment to redemption centers to enable them to receive higher handling fees. It increases the handling fee for beer and malt beverages from 1.5 cents to 2.5 cents, and the handling fee for mineral water, soda and carbonated soft drinks, and water from 2 cents to 3 cents. The bill eliminates redemption centers as of July 1, 2018.

Reports to DRS

Each initiator must report to DRS quarterly, by the last day of the month following the quarter. The report must be on a form prescribed by the DRS commissioner, submitted electronically, and provide the information he deems necessary. It must include at least the following information:

1. the account balance at the beginning of the quarter;
2. all recycling fees credited to the account during the quarter, including fees paid to the initiator, and all interest, dividends, or returns received;
3. all withdrawals made from the account, including all service and overdraft charges, and all payments made to it; and
4. the account balance at the close of the quarter.

Penalties

The DRS or DEEP commissioner, as applicable, must impose fines of between \$50 and \$100 for a first violation of its provisions on early

recycling fee beverages, between \$100 and \$200 for a second violation, and between \$250 and \$500 for each subsequent violation. The penalties are similar to those now imposed for violations of the bottle redemption program.

RECYCLING FEE AND BOTTLE REDEMPTION (PHASE II)

Fee Amount and Base

Starting July 1, 2018, the bill eliminates the bottle redemption program and replaces it with a minimum four-cent recycling fee on beverage containers subject to the current bottle redemption law. These include containers for beer and other malt beverages, mineral water, soda and other carbonated soft drinks, and water. It also imposes this recycling fee on the early recycling fee beverages covered under the first phase: juice; tea; sports drinks; and spirits or liquor in containers of up to 50 milliliters (“nips”).

For the purposes of phase two, containers are bottles, cans, jars, or cartons made of glass, metal, or plastic, but not containers containing three or more liters of water or made of high-density polyethylene. Unlike the current redemption system, the bill does not require these containers to be specially marked or identified.

Current law requires the bottle deposit to be a uniform amount throughout the distribution process. The bill maintains this requirement for the recycling fee on carbonated beverages, but not for noncarbonated beverages.

Special Account

Under the bill, a phase two initiator is any dealer that collects the recycling fee. Similar to phase one and the bottle redemption program, the bill requires initiators to open special accounts at a state branch of a financial institution in which to deposit an amount equal to the recycling fee for each beverage container the initiator sells. It requires each initiator to make (presumably, deposit) the “recycling fee” no later than one month after the beverage’s sale date.

Its requires each initiator, by October 31, 2018, to pay the balance

outstanding in the special account attributable for the period between July 1, 2018 and September 30, 2018 to the DRS commissioner for deposit into the General Fund. As with the payment by early recycling initiators, subsequent payments must be made to the DRS commissioner for deposit in the General Fund for each quarter by the last day of the month following the quarter. The same penalty, record inspection, enforcement, and tax provisions apply to these initiators as to initiators of early recycling fee containers.

Unlike early recycling fee initiators, however, phase two initiators must deduct from each such payment to DRS an amount equal to the recycling fees charged to dealers determined to be permanently uncollectable in the preceding quarter. (It is not clear to what this refers, since the bill does not require dealers to pay the recycling fee).

Reporting Requirements for Initiators of Redeemable Containers

The bill requires these initiators to submit, on October 31, 2018, a report for the period between July 1, 2018 and September 30, 2018 to both the DEEP and DRS commissioners, and to submit this and subsequent quarterly reports in the same manner and containing the same information as the quarterly reports filed by early recycling fee initiators.

Small Manufacturer Exemption

A manufacturer who bottles and sells 250,000 or fewer containers of noncarbonated beverages, including water, juice, tea, sports drinks, and nips, that are 20 ounces or less in size may apply to DEEP to be exempt from the phase two recycling fee requirements. They must apply no later than October 31, 2018, and must reapply each year thereafter to remain exempt. (Under current law, these manufacturers may apply for an exemption from the redemption system.) As under current law, the commissioner must approve such an application no later than 30 days after receiving the application, provided the applicant meets the bill's requirements. It is not clear why manufacturers, who are not affected by the bill, would seek an exemption.

Recycling Fee Account

Starting July 1, 2018, the bill creates a recycling fee account in the General Fund into which DRS must deposit two cents of every recycling fee. The account may also receive funds from private or public sources, including the federal or a municipal government.

It creates three subaccounts within the recycling fee account. These are the (1) collectors' subaccount, (2) tipping fee subaccount, and (3) beverage container use subaccount. The DRS commissioner must distribute money in the recycling fee account equally among these three subaccounts.

Collectors' and Tipping Fee Subaccounts

Money in the collectors' subaccount must be used to pay solid waste haulers to reflect any verifiable increase in the number of beverage containers they haul because of the elimination of the bottle redemption program. Money in the tipping fee subaccount must be paid to municipalities whose tipping fees increase because the bill has created an increase in the amount of recycled items. Such payments do not affect the payment of grants to a municipality for resources recovery facilities.

For both of these subaccounts DEEP and DRS must determine the terms and amount of any payment, including how often payments are made. The DEEP commissioner may adopt regulations to implement these provisions in consultation with DRS.

Beverage Container Reuse Subaccount

DEEP and the Recycle CT Foundation Inc. must use money in this subaccount to develop reuses for recycled beverage containers. They must fund research, projects, and purposes, including industry and businesses and other efforts that result in such reuse. The DEEP commissioner, in consultation with Recycle CT, must determine the requirements and terms of any funds awarded, including the amount of funding. In developing the requirements, the commissioner may consult with Connecticut Innovations, Inc., which must provide him

with any information he finds necessary. The commissioner may adopt implementing regulations.

DEPOSIT REFUNDS TO DEALERS BY CERTAIN INITIATORS

Under current law, deposit initiators are the first distributors to collect the deposit on a beverage container sold in Connecticut. The bill requires, regardless of any other law, any balance in a special account as of March 31, 2018 and June 30, 2018 (presumably for each calendar quarter ending on these dates) to be held in trust for the state by the deposit initiator and used to refund deposits to dealers until August 31, 2018. Any balance remaining on September 1, 2018 must be paid to DRS for deposit in the General Fund.

BACKGROUND

Connecticut Bottle Redemption System (“Bottle Bill”)

The state’s redemption system generally requires consumers to pay a five-cent deposit on each purchased bottle or can of beer, malt beverages, soda water, carbonated soft drinks, and water. The deposit may be redeemed by returning the beverage container to a retailer or bringing it to a redemption center. Unclaimed deposits are transferred to the state’s General Fund (CGS § 22a-243 et seq.).

Recycle CT Foundation

This is a state-chartered foundation whose purpose is to coordinate and support research and education to increase the rates of recycling and reuse (CGS § 22a-228a).

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 17 Nay 12 (03/22/2017)