
OLR Bill Analysis

sSB 1037

AN ACT CONCERNING SOLID WASTE MANAGEMENT.

SUMMARY

This bill revamps the state's beverage container redemption law ("bottle bill," see BACKGROUND) by doing the following:

1. expanding the list of beverages subject to the bottle bill's requirements (§§ 1 & 5);
2. increasing, beginning January 1, 2022, the beverage container deposit amount to at least 10 cents, rather than five cents (in practice the deposit is that specific amount) (§ 2);
3. increasing the handling fee to three and one-half cents per beverage container that distributors must pay to dealers (e.g., and hereafter, "retailers") and redemption centers, thus applying one fee uniformly (§ 3);
4. requiring distributors to remit 82% instead of 100% of unclaimed deposits to the revenue services commissioner in FYs 22 and 23 (consequently allowing them to keep 18%), and thereafter to remit 80% and keep the remaining 20% (§ 4);
5. requiring certain retailers to install and maintain at least two reverse vending machines (RVMs) at their place of business or have dedicated areas for redeeming beverage containers (§ 7); and
6. requiring, beginning January 1, 2022, (a) all refundable beverage containers sold in Connecticut to have a Universal Product Code (UPC) and barcode and (b) deposit initiators (e.g., the first distributor to collect the deposit) to provide them, with packaging information, to the RVM system administrators and

other system operators at least 30 days before placing the beverage containers on the market (§ 2).

The bill requires the Department of Energy and Environmental Protection (DEEP) to (1) develop programmatic specifications for drafting a request for information (RFI) about operating a statewide beverage container redemption management program and (2) report on them to the Environment Committee (§ 9).

The bill also requires DEEP to develop terms for a memorandum of agreement (MOA) that provides for in-state processing of at least 80% of the wine and liquor beverage containers sold in-state (§ 8).

The bill requires the DEEP commissioner, by July 1, 2022, to develop an incentive program to help municipalities that want to adopt a unit-based pricing program for solid waste disposal (e.g., “pay-as-you-throw”). She must also identify funding sources to provide the incentives (§ 6).

Lastly, the bill makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2021, except the deposit increase takes effect January 1, 2022, the expansion of containers subject to the law takes effect July 1, 2022, and the MOA and RFI provisions are effective upon passage.

§§ 1 & 5 — COVERED BEVERAGE CONTAINERS

Under current law, the bottle bill applies to beverage containers of the following: beer, other malt beverages, mineral or soda water, carbonated soft drinks, and water, including flavored or nutritionally enhanced water.

Beginning July 1, 2022, the bill generally expands the bottle bill to include beverage containers for hard seltzer, hard cider, and generally any noncarbonated liquids intended for human consumption not already covered by the law such as plant water or plant infused drink, juice or juice drink, tea, coffee, kombucha, sports or energy drink, and spirit or liquor sold in containers of 50mL or less. It also includes

beverages that are identified as these through the use of letters, words, or symbols on their labels. The bill does so by adding these products to the law's definitions of "carbonated beverage" and "noncarbonated beverage."

Exempt Containers

The bottle bill currently exempts from its requirements (1) noncarbonated beverages of at least three liters in size or (2) containers made of high-density polyethylene (i.e., with an HDPE designation or #2 recycling symbol). It also exempts containers provided on interstate passenger carriers (e.g., planes or trains). The bill modifies some of these exemptions and creates new ones.

First, the bill excludes from the expanded definition of "noncarbonated beverage" infant formula, dairy beverages, meal replacement liquids, and federally regulated drugs.

The bill (1) eliminates the exemption for high-density polyethylene containers, (2) reduces the current size threshold for exempt noncarbonated beverage containers to be exempt, and (3) imposes a size threshold for exempting carbonated beverages. Specifically, the bill exempts containers for (1) carbonated beverages of greater than three liters and (2) noncarbonated beverage container of greater than two and one-half liters.

Additionally, by law, manufacturers that annually bottle and sell up to 250,000 noncarbonated beverages of 20 ounces or less in size may apply to the DEEP commissioner for an exemption from the law's provisions (CGS § 22a-245b). The bill extends this exemption to manufacturers of the new noncarbonated beverages covered by the bill (e.g., juice, coffee, tea, or sport or energy drink). And the bill creates a new exemption for juice manufacturers that annually bottle and sell up to 100,000 gallons of juice in beverage containers. These juice manufacturers must also apply to DEEP for the exemption.

§ 3 — HANDLING FEES

Beginning July 1, 2021, the bill increases the handling fees for

beverage containers currently redeemed under the bottle bill by setting the minimum handling fee for all beverage containers at three and one-half cents per container (see Table 1). It applies the increased fee to the bill's newly covered beverage containers.

Table 1: Bottle Bill Handling Fees

	<i>Current Law</i>	<i>Under the Bill</i>
<i>Beer or other malt beverages</i>	\$0.015	\$0.035
<i>Noncarbonated, mineral or soda water, and carbonated soft drinks</i>	\$0.02	

§ 4 — UNCLAIMED DEPOSITS

Under current law, unclaimed deposits are paid quarterly by the distributors to the revenue services commissioner for deposit into the state's General Fund. For FYs 22 and 23, the bill requires the distributors to only remit 82% of the unclaimed deposits to the commissioner, consequently allowing them to keep 18% of the funds. Thereafter, it requires the distributors to remit 80% of the unclaimed deposits, thus keeping 20% of the funds.

§ 7 — RETAILER RVMS AND REDEMPTION AREAS

The bill generally requires certain retailers, beginning July 1, 2021, to install and maintain at least two RVMS at their place of business. Under the bill, an RVM is a mechanical device that (1) accepts used beverage containers from consumers and (2) provides a way of refunding the containers' refund value (deposit amount) to the device user.

The requirement to have the RVMS applies to retailers whose place of business (1) is part of a chain engaged in the same general type of business that operates at least 10 units in Connecticut under common ownership and (2) uses at least 10,000 square feet of space to display merchandise for sale to the public.

The bill also requires retailers exempt from the RVM requirement (see below), whose place of business is at least 40,000 square feet and does not use RVMs, to have and maintain a dedicated area at the business to accept and redeem beverage containers. It requires these areas to be adequately staffed so that containers can be efficiently accepted and processed during business hours. There must also be at least one conspicuous sign posted at each public entrance describing how to find the redemption area.

Exemptions

The bill exempts from the RVM requirement retailers that do the following:

1. sell only beverage containers of 20 ounces or less that are packaged in quantities of less than six;
2. sell beverage containers, but use no more than 5% of their floor space to display and sell consumer products; or
3. get a waiver from the DEEP commissioner allowing them to use an alternative technology to redeem the containers.

For the waiver, the alternative technology must be able to:

1. determine a beverage container's redeemability;
2. protect against fraud by reading a container's UPC and, except for refillable containers, renders the container unredeemable;
3. collect information about the redeemed containers; and
4. issue legal tender or a scrip, receipt, or other credit for the refund value that can be exchanged for legal tender for at least 60 days without needing to purchase other goods.

If the alternative technology does not allow consumers to immediately obtain the refund value, a retailer can only use it if the retailer also allows consumer to conveniently and immediately obtain the refund value through an RVM or another method.

Penalty

The bill subjects retailers who violate these requirements to a civil fine of up to \$1,000, with an additional \$1,000 for each day the violation continues. It requires a hearing held according to the Uniform Administrative Procedures Act before the DEEP commissioner can assess the fine.

§ 8 — MOA: WINE AND LIQUOR CONTAINERS

Under the bill, DEEP must develop the terms for a MOA that, by January 1, 2023, provides for in-state processing of at least 80% of the wine and liquor beverage containers sold in the state. The processing must turn the containers into furnace-ready cullet or by-product that is melted or otherwise used in cement, glass, or fiberglass products.

The bill requires DEEP, when developing the terms, to (1) identify the parties that must be part of the agreement and (2) engage them in ongoing discussions about establishing systems and methods under the agreement for statewide, cost-effective, and consumer-oriented collection of the wine and liquor beverage containers. The collected materials must also be sufficiently clean and acceptable for use at a facility that produces the glass cullet or byproduct.

Under the bill, the MOA must include provisions, with responsibilities assigned among the parties, for the following:

1. establishing and implementing the collection systems and methods;
2. transporting collected containers to a processing facility;
3. properly recycling and managing containers not accepted by a facility;
4. executing financial obligations among the parties according to the agreement;
5. recordkeeping of the volume, tonnage, and categories of containers annually processed under the agreement; and

6. auditing costs, efficiencies, and benefits of the agreement.

The bill requires the DEEP commissioner to submit a draft of the MOA to the Environment Committee by January 15, 2022.

§ 9 — PROGRAMMATIC SPECIFICATIONS AND RFI

The bill requires DEEP to develop programmatic specifications for drafting an RFI about the operation of a statewide beverage container redemption management program. The purpose of the RFI is to solicit responses from people, companies, and organizations about their experience, expertise, and approaches for including the specifications in the program's operation.

Under the bill, the programmatic specification must at least include the following:

1. descriptions of existing collection and redemption centers in the state;
2. disclosure of applicable redemption rates for the beverage container redemption program;
3. identification of the program's components that cost the state or program participants; and
4. analysis of program revenues to the state and any projected decrease in the state's use or collection of these revenues during the next five fiscal years.

The bill requires the DEEP commissioner, by January 15, 2022, to submit to the Environment Committee a draft of the programmatic specifications and any recommendations about them and the RFI.

BACKGROUND

Current Bottle Redemption Process

In general, Connecticut's bottle bill redemption process currently works as follows:

1. a retailer pays a beverage container distributor five cents for

- each eligible beverage container that the distributor delivers;
2. a consumer pays the retailer five cents for each beverage container that he or she purchases from the retailer;
 3. the retailer or a redemption center pays the consumer five cents for each beverage container that he or she returns (i.e., refunding the deposit);
 4. the distributor reimburses the retailer or redemption center five cents for each beverage container returned, plus a handling fee; and
 5. the distributor pays the state the five cents for each unclaimed deposit, which is deposited into the General Fund (CGS § 22a-243 *et seq.*).

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 21 Nay 11 (03/31/2021)