OFFICE OF FISCAL ANALYSIS

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sSB-1037
AN ACT CONCERNING SOLID WASTE MANAGEMENT.
As Amended by Senate "A" (LCO 9775)
House Calendar No.: 577
Senate Calendar No.: 322

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 $	FY 23 $
Department of Revenue Services	GF - Revenue Gain	None	500,000
Department of Revenue Services	GF - Cost	None	Up to 30,000
Department of Energy and Environmental Protection	GF - Potential Revenue Gain	See Below	See Below
Department of Revenue Services	GF - Revenue Loss	None	None

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 22 $	FY 23 $
Various Municipalities	Revenue Gain	Approximately 310,000	Approximately 620,000

Explanation

The bill, which expands the beverage container redemption law, increases the associated deposit amount, and transfers a portion of escheat revenues to distributors, results in: 1) a General Fund revenue gain of $500,000 in FY 23, $100,000 in FY 24, and $500,000 in FY 25, and 2) a $13 million revenue loss to the General Fund in FY 26 and annually thereafter. This also results in a one-time cost of up to $30,000 to the Department of Revenue Services in FY 23 for revisions to the online Taxpayer Service Center through which the revenue is remitted.

Section 3 increases the handling fee that distributors pay to retailers and redemption centers. This provision has no fiscal impact to the state or municipalities as they apply to private, third-parties.

Section 7 requires certain retailers to install and maintain at least two reverse vending machines (RVMs) in their stores or have dedicated areas for beverage redemption. It subjects certain 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 (after a hearing process). This may result in a revenue gain to the General Fund to the extent violations occur. Any revenue generated under this provision is not anticipated to be significant as it is expected most retailers that meet the criteria for the RVM requirements would be in compliance with the bill's stipulations.

Section 10 establishes a five-cent surcharge on the sale of 50 milliliter bottles ("nips"). The bill requires the revenue generated from the surcharge to be remitted to the municipalities where such sales occur, regardless of how many bottles are redeemed. This results in an estimated revenue gain of approximately $310,000 in FY 22 and $620,000 annually thereafter, across all municipalities.

The bill also requires the Department of Energy and Environmental Protection (DEEP) to perform several tasks regarding the operation of a statewide beverage container redemption management program:

- **Section 6** requires the DEEP to develop an incentive program to assist those municipalities that opt to implement a unit-based pricing program for solid waste disposal, including the identification of funding sources for their program. This is not anticipated to result in a fiscal impact to the DEEP, as the agency currently has expertise for these purposes.

- **Sec. 8** requires the DEEP to develop the terms for a memorandum of agreement (MOA) providing, by January 1, 2023, for the in-state processing of not less than 80% of the wine and liquor beverage containers sold in this state to be converted into other products.

- **Sec. 9** requires the DEEP to approve the formation of a beverage container stewardship organization meeting certain criteria. These requirements are not anticipated to result in a fiscal impact to the DEEP as it is anticipated that the agency currently has expertise to develop MOA's and approve the formation of third-party organizations.

Lastly, the bill makes other technical and conforming changes which have no fiscal impact.

Senate "A" strikes the underlying bill and associated fiscal impact and results in the impacts described above.

The Out Years

The bill results in a General Fund revenue loss of approximately $13 million annually beginning in FY 26.