

Unclaimed Bottle Deposits

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Issue

Explain what happens to unclaimed bottle deposits under Connecticut's beverage container redemption law ("bottle bill") ([CGS §§ 22a-243 to 22a-246](#), as amended by [PA 21-58](#)).

This report updates information in OLR Report [2017-R-0259](#).

Summary

Connecticut law requires that unclaimed deposits, less any applicable bank fees, be shared by distributors (referred to in the law as "deposit initiators") and the state's General Fund.

Under the state's bottle bill, retailers (referred to in the law as "dealers") give distributors five cents for each beverage container covered by the law that they receive. The distributor must (1) deposit the funds into a separate, interest-bearing bank account which must be held as a special fund in trust for the state and (2) use it to pay the refund value of redeemed beverage containers to the retailers or redemption centers. (The deposit amount increases to at least 10 cents on January 1, 2024.)

The law requires any interest, dividends, and returns earned on the account to be paid directly to the account. The distributors must quarterly pay to the Department of Revenue Services (DRS) a certain percentage of the outstanding balance of unclaimed deposit in the account, less any applicable bank fees, for deposit into the General Fund. The percentage that must be paid to DRS is currently 95%, with distributors keeping the remainder; but the amount paid to DRS incrementally decreases to 45% by FY 26, as shown in Table 1.

Table 1: Percentage Distribution of Unclaimed Deposits Under PA 21-58

Fiscal Year (FY)	General Fund	Distributors
Current (FY 23)	95%	5%
FY 24	65	35
FY 25	55	45
FY 26 and beyond	45	55

The penalty for failing to make timely payments is the greater of 10% of the unpaid amount or \$50, and unpaid amounts are subject to interest at 1% per month or fraction of a month.

Table 2 lists the revenue generated from unclaimed bottle deposits for the three most recent fiscal years, as reported in DRS's latest annual report. During these years, 100% of unclaimed deposits were deposited into the state's General Fund (see Background, below). According to the report, 143 entities remitted these funds to DRS.

Table 2: Unclaimed Deposit Revenue Transferred to the General Fund, FYs 19 to 21

Fiscal Year (FY)	Revenue
FY 21	\$43,505,264
FY 20	43,650,577*
FY 19	36,099,594

Source: [DRS Fiscal Year 2020-2021 Annual Report](#), page 17.

*From March 17 to June 3, the COVID-19 pandemic limited redemption activities (see OLR Report [2020-R-0155](#))

Background

Legislative History

Connecticut's bottle bill passed in 1978 (PA 78-16). That act allowed distributors to keep 100% of the unclaimed deposits. Legislation in 2008 and 2009 required distributors to (1) open the special accounts to hold the refund values of beverage containers sold in the state and (2) quarterly forward 100% of the unredeemed deposit balance from the special account for transfer to the state's General Fund (PAs [08-01](#), November Special Session, § 11, and [09-01](#), § 15). In 2021, the legislature reduced the percentage of unclaimed deposits that distributors must remit to DRS through the graduated reduction schedule shown in Table 1 ([PA 21-58](#), § 4).

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