OFFICE OF FISCAL ANALYSIS

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SB-516
AN ACT CONCERNING THE REDEMPTION RATE AND REFUND VALUE OF BEVERAGE CONTAINERS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 $	FY 28 $
Policy & Mgmt., Off.	Uncertain - Potential Cost	See Below	See Below
Revenue Serv., Dept.	GF - Revenue Impact	None	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which requires the refund value of beverage containers be reduced from 10 cents to five cents under certain circumstances, results in (1) a minimal net revenue impact to the General Fund beginning in FY 28, and (2) a potential cost to the state.

Revenue Impact

Based on currently available data, the redemption rate threshold established under the bill for calendar year 2026 would be triggered, thus reducing the bottle deposit amount from 10 cents to five beginning in FY 28, or after when practicable for the beverage industry to implement. It is anticipated this would reduce redemption rates below 60% thus increasing the General Fund escheat rate from 5% to 45%.[1] The impact of (1) the decrease in the bottle deposit amount and (2) the

[1] Prior to the increase in the deposit amount from five cents to 10 cents the quarterly redemption rate was approximately 50%.

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increase in the escheat rate results in a minimal net revenue impact to the General Fund until such time that the DRS commissioner certifies, based on irrefutable evidence, that 100% of the beverage containers redeemed in Connecticut were originally sold here.

Potential Cost Impact

The bill allows deposit initiators that were over-redeemed in FY 25 and FY 26 to apply to the Office of Policy and Management for full reimbursement for financial losses. This results in a potential cost to the state.[2] It is uncertain what funding, if any, would be available for such reimbursement.[3]

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to statewide and individual redemption rates.

[2] As of December 2025, the cumulative negative balance for deposit initiators whose total withdrawals exceeded deposits was approximately $19.2 million.

[3] Section 404 of PA 25-168, AAC The State Budget For The Biennium Ending June 30, 2027, And Making Appropriations Therefor, And Provisions Related To Revenue And Other Items Implementing The State Budget, provided $1.75 million in grants to over-redeemed deposit initiators. As of March 31, 2026, approximately $30,500 remains available.