

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM: 2015

Bill Number: S.32 Name of Bill: An Act relating to the beverage system redemption system

Agency/ Dept: ANR/Env. Conservation Author of Bill Review: Cathy Jamieson

Date of Bill Review: 1/23/2015 Related Bills and Key Players: _____

Status of Bill: (check one): Upon Introduction As passed by 1st body As passed by both

Recommended Position:

Support Oppose Remain Neutral Support with modifications identified in #8

Analysis of Bill

1. **Summary of bill and issue it addresses.** *Describe what the bill is intended to accomplish and why.*
This bill would require beverage distributors to remit unclaimed beverage container deposits to the Department of Taxes. To promote job growth and businesses, ANR would be authorized to disperse these funds to citizens or businesses engaged in recycling or to other waste management projects.
2. **Is there a need for this bill?** *Please explain why or why not.*
Yes. There is a need to financially support both private and public sectors that are engaged in implementing the Universal Recycling law. Collection and distribution of unclaimed beverage deposits would provide a source for such funding, without being a burden on taxpayers or the General Fund.
3. **What are likely to be the fiscal and programmatic implications of this bill for this Department?**
ANR would need to provide staff oversight of the new Fund and create a program for issuing loans and grants. The bill allows ANR to use a portion of the new Fund for the costs of this oversight.
4. **What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?**
The Department of Taxes would receive the remittance from the beverage distributors and their accounting information.
5. **What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it?** *(for example, public, municipalities, organizations, business, regulated entities, etc.)*
This bill would require the beverage distributors to "give up" the unclaimed deposits (estimated to be ~\$1.4 million dollars in 2013). Beverage distributors would rather not have a bottle bill, and would not want to remit the unclaimed deposits to the state.
6. **Other Stakeholders:**
 - 6.1 **Who else is likely to support the proposal and why?** Environmental groups and some municipal solid waste managers would support this bill, because it creates funding to enhance the state's recycling and diversion programs.

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6.2 Who else is likely to oppose the proposal and why? Beverage distributors would be opposed because they have kept the unclaimed deposits since the creation of the Bottle Bill and can use the unclaimed deposits to offset the costs of collecting containers. Retailers and redemption centers may oppose this bill, viewing it as a sign that the Bottle Bill may become a financial reliance for the State.

7. Rationale for recommendation: *Justify recommendation stated above.*

There is a need for a source of funding to support the implementation of the Universal Recycling law. Some states that have beverage container redemption programs require the unclaimed deposits be deposited into a fund that the state uses to promote recycling and other programs. ANR recommends the unclaimed deposits should be collected and used in a similar fashion to these other state as a mechanism to provide assistance to both the public and private sector for implementing the Universal Recycling law.

A 2013 ANR contracted study, Systems Analysis, evaluated the beverage redemption program and the infrastructure needs to implement the Universal Recycling law. The study indicated the recovery rate for Vermont Bottle Bill material is close to 75%; this reflects that many Vermonters are using the Bottle Bill system to redeem deposit containers and that unclaimed deposits are not the majority of deposits. The unclaimed deposits could be a funding source used to provide financial assistance directly to private and public sector projects related to Universal Recycling infrastructure development, while at the same time, this funding source would have minimal impact on Vermonters in general.

8. Specific modifications that would be needed to recommend support of this bill: *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*

The bill should clearly state that "ownership of the unclaimed deposits are to be retained by the consumer and, once abandoned, the state. Bottlers and distributors are not to regard or rely upon unclaimed deposits as income."

The bill should be revised to more clearly authorize ANR to disperse funds to provide grants or loans for solid waste infrastructure related to the implementation of the Universal Recycling law.

Rather than create a new special fund, the fund could be a subset of the Solid Waste Management Assistance Fund, called the Universal Recycling Infrastructure Fund (or similar name). It should also state that funds collected from these escheats are not to revert to the general fund.

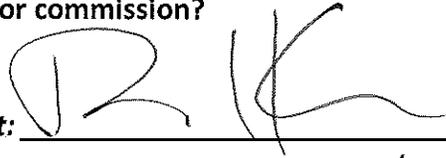
A definition should be added to indicate who the deposit initiator is. It may read similar to Connecticut's definition, "means the first distributor to collect the deposit on a beverage container sold to any person within this state."

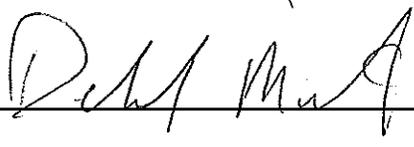
Rather than monthly, 10 V.S.A. 1530(c) should be adjusted to require quarterly reporting for the quarter immediately preceding calendar quarter no later than the 10th day of the first month of each following quarter. This reduces the burden of reporting on the deposit initiator and minimizes monthly oversight from ANR and the Department of Taxes that may otherwise be unnecessarily onerous. This type of quarterly reporting is consistent with Connecticut's reporting requirements.

Rather than monthly, 10 V.S.A. 1530(d) payment remittances should also be based on a calendar quarter timeframe and not monthly remittance timeline. Additionally, late payment should see a financial penalty imposed that may be similar to the following language from Connecticut:

"if the amount of the required payment pursuant to this subdivision is not paid on or before the due date, a penalty of ten per cent of the amount due and unpaid, or fifty dollars, whichever is greater, shall be imposed. The amount due and unpaid shall bear interest at the rate of one per cent per month or fraction thereof, from the due date. Any such penalty or interest shall not be paid from funds maintained in such special account. Such required payment shall be made by electronic funds transfer to the Department of Taxes."

9. Gubernatorial appointments to board or commission?

Commissioner has reviewed this document:  Date: 1/29/15

Secretary has reviewed this document:  Date: 2-2-15