

Legislative Analysis



BOTTLE LAW REVISIONS

House Bill 5423 (proposed substitute H-5)

Sponsor: Rep. Brandt Iden

1st Committee: Regulatory Reform

2nd Committee: Ways and Means

Complete to 12-2-20

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5423 would amend the beverage container deposit law (the Initiated Law of 1976) to reallocate money from the Bottle Deposit Fund and create the Bottle Bill Enforcement Fund.

Currently, the amount paid to the Department of Treasury by underredeemers (manufacturers or distributors who collect more deposits than paid out refunds for returned containers) is designated for disbursement as follows: 75% to the Cleanup and Redevelopment Trust Fund and 25% to dealers based on the number of empty returnable containers handled by a dealer.

Under the bill, money from the Bottle Deposit Fund would be disbursed as follows:

- 75% to be disbursed as follows:
 - The first \$1.0 million to the Bottle Bill Enforcement Fund for disbursement to the Department of State Police (MSP) and county and local law enforcement agencies for use in enforcing the act and investigating violations. MSP and county and local law enforcement agencies could apply for disbursements from the fund, and the Department of Treasury would have to disburse the funds in a manner determined by the Department of Treasury.
 - Any amount greater than \$1.0 million to the Cleanup and Redevelopment Trust Fund.
- 25% to dealers [this is the current disbursement to dealers].

The bill would create the Bottle Bill Enforcement Fund in the Department of Treasury as a revolving fund administered by the department. Money deposited in the fund would not revert to the general fund.

The bill is tie-barred to HB 5422, which means that it could not take effect unless HB 5422 were also enacted into law.

The bill would take effect 90 days after its enactment.

MCL 445.573c

FISCAL IMPACT:

House Bill 5423 would increase administrative costs for the Department of Treasury by an indeterminate, but likely negligible, amount. It is estimated that the department would be able to absorb any marginal costs under current appropriation levels.

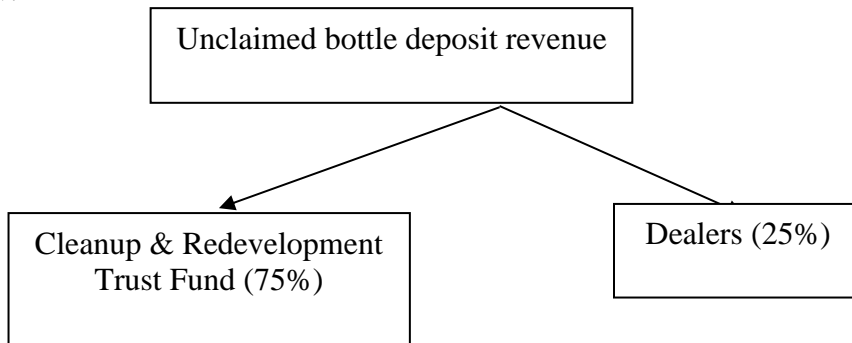
The bill would have a significant fiscal impact on the Department of State Police (MSP) and on county and local law enforcement agencies, by offering an additional revenue source for such entities. The bill would allocate the first \$1.0 million of the revenue from unclaimed bottle deposits for the Bottle Bill Enforcement Fund. This funding would present a new revenue

source for the MSP and other law enforcement agencies. Since the bill specifies that disbursements from the fund would be made after application, a potential distribution allocation is presently indeterminate.

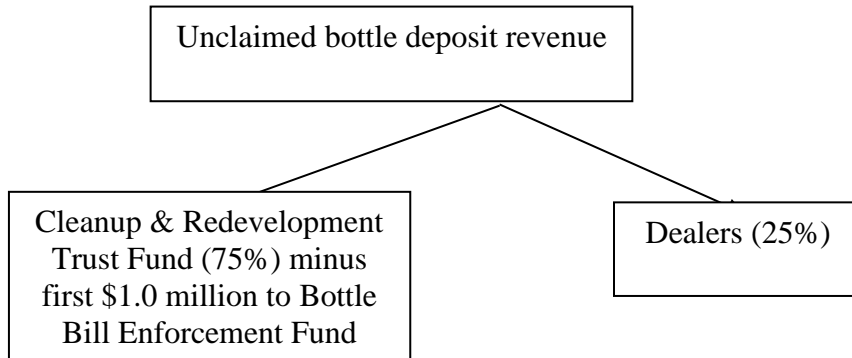
House Bill 5423 would reduce revenue for the Department of Environment, Great Lakes, and Energy. Under current law EGLE receives 75% of revenue from unclaimed bottle deposits in the Cleanup and Redevelopment Trust Fund and dealers receive the remaining 25% of revenue. The department distributes its share of revenue for non-petroleum remediation and redevelopment activities and for the growth of the trust fund.

Under the bill the department would receive 75% of unclaimed bottle deposits minus the aforementioned first \$1.0 million deposited to the Bottle Bill Enforcement Fund. The department's share would continue to be credited to the Cleanup and Redevelopment Trust Fund. The remaining revenue would continue to be distributed to dealers (25%). Below is a comparison of current law and the bill.

Current law:



HB 5423 substitute:



The bill is unlikely to affect costs for EGLE; however, the bill would reduce revenues funding the costs.

The bill would have no fiscal impact on local governments.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.