

# Legislative Analysis

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## EXCLUDE ALCOHOL POUCH CONTAINERS FROM BOTTLE DEPOSIT LAW

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**House Bill 5660**

**Sponsor: Rep. Jim Stamas**

**Committee: Regulatory Reform**

**Complete to 5-22-12**

### A SUMMARY OF HOUSE BILL 5660 AS INTRODUCED 5-22-12

The bill would amend Michigan's Beverage Containers Initiated Law of 1976 to exclude certain types of containers from being subjected to the 10-cent bottle deposit. Generally speaking, the act provides for the use of returnable containers for certain beverages.

Under the act, only "beverage containers" require a deposit and may be redeemed. "Beverage container" means an airtight metal, glass, paper, or plastic container, or a *container composed of a combination of these materials*, which, at the time of sale, contains up to one gallon of a beverage.

House Bill 5660 would specify that a "*container composed of a combination of these materials*" would not include a container composed in whole or part of aluminum and plastic or aluminum and paper in combination, if the aluminum content represents 20% or less of the unfilled container weight, and the weight of the container materials represent 5% or less of the total weight of the filled container.

The bill is said to be intended to prevent the extension of the 10-cent bottle deposit to alcohol pouch containers, which, generally speaking, are flexible, laminated-foil plastic pouches that resemble miniature bottles.

MCL 445.571

### FISCAL IMPACT:

The Michigan Beverage Containers Initiated Law of 1976 established the Michigan Bottle Deposit Program. The Department of Treasury collects information on the amount of bottle deposits collected by retailers and the amount of bottles that are returned. The difference between these two amounts constitutes the unclaimed bottle deposits. The revenue from these unclaimed deposits reverts to the State and is collected from retailers by Treasury.

House Bill 5660 would exempt certain beverage containers from the 10-cent bottle return requirement. Currently, bottle deposits are not required to be paid or collected on these aluminum and plastic or paper pouch beverage containers. Thus, the bill's provisions that would specifically exclude them from the deposit requirement would not reduce any

currently collected revenue to the State. The bill's provisions, however, would exclude the State from collecting any future revenues from the unclaimed deposits of these containers.

Under Michigan's Bottle Deposit Program, current law requires that 25% of the funding from unclaimed deposits be returned to retailers and 75% be deposited into the Cleanup and Redevelopment Trust Fund. This funding is then directed to 3 funds within the Department of Environmental Quality:

- 80% to the Cleanup and Redevelopment Fund (used for cleanup and redevelopment of specific contaminated sites)
- 10% to the Community Pollution Prevention Fund (provides grants to local governments for waste-reduction projects and education)
- 10% remains in the Cleanup and Redevelopment Trust Fund (until a total of \$200 million is deposited)

In FY 2009-10, the State received \$17.3 million revenue from unclaimed bottle deposits. Of this amount, \$4.3 million was distributed to retailers and \$12.9 million was directed to the three DEQ funds listed above. Through the unclaimed bottle deposit program, from 1997 to 2010, the State has collected a total of \$214.8 million from unclaimed bottle receipts. Retailers received \$53.7 million of this revenue in that time span and the DEQ received \$161.1 million.

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