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Rereferred To: Ways & Means

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SENATE FILE 510
BY COMMITTEE ON NATURAL
RESOURCES AND ENVIRONMENT

(SUCCESSOR TO SF 194)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to redemption of empty beverage containers,
2 creating a container redemption fund, and providing effective
3 dates.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SF 510

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1 Section 1. Section 455C.1, subsections 1, 2, 6, and 10,
2 Code 2001, are amended to read as follows:

3 1. "Beverage" means includes, but is not limited to, wine
4 as defined in section 123.3, subsection 37, alcoholic liquor
5 as defined in section 123.3, subsection 5, beer as defined in
6 section 123.3, subsection 7, mineral-water,--soda-water-and
7 similar-carbonated-soft-drinks and any nonalcoholic carbonated
8 and noncarbonated drinks excluding grade 'A' milk and milk
9 products as specified in the grade 'A' pasteurized milk
10 ordinance, as provided in section 192.102, in liquid form and
11 intended for human consumption. "Beverage" shall not include
12 any of the following:

13 a. A liquid which is any of the following:

14 (1) A syrup.

15 (2) In a concentrated form.

16 (3) Typically added as a minor flavoring ingredient in
17 food or drink, such as extracts, cooking additives, sauces, or
18 condiments.

19 b. A liquid which is ingested in very small quantities and
20 which is consumed for medicinal purposes only.

21 c. A liquid which is designed and consumed only as a
22 nutritional supplement, as defined by the department, and not
23 as a beverage.

24 d. Products frozen at the time of sale to the consumer,
25 or, in the case of institutional users such as hospitals and
26 nursing homes, at the time of sale to such users.

27 e. Products designed to be consumed in a frozen state.

28 f. Instant drink powders.

29 g. Seafood, meat, or vegetable broths or soups but not
30 juices.

31 h. Farm-produced apple cider, which has not been heated,
32 pasteurized, or otherwise processed.

33 i. Infant formula.

34 2. "Beverage container" means any sealed-glass,--plastic,
35 or-metal bottle, can, jar, or-carton or other container made

1 of glass, metal, or plastic containing a beverage which has
2 been sealed by a manufacturer. For purposes of this chapter,
3 beverage containers for noncarbonated drinks, excluding
4 alcoholic liquor, wine, and fruit juices and drinks, shall
5 have a maximum capacity of not more than two liters and not
6 less than one hundred forty-seven milliliters. For purposes
7 of this chapter, beverage containers made of high density
8 polyethylene for fruit juices and drinks shall have a maximum
9 capacity of less than one-half gallon.

10 ~~6.---"Dealer-agent" means a person who solicits or picks up~~
11 ~~empty beverage containers from a dealer for the purpose of~~
12 ~~returning the empty beverage containers to a distributor or~~
13 ~~manufacturer.~~

14 ~~10.---"Geographic territory" means the geographical area~~
15 ~~within a perimeter formed by the outermost boundaries served~~
16 ~~by a distributor.~~

17 Sec. 2. Section 455C.1, Code 2001, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 14. "Steward" means an organization which
20 has tax-exempt status under section 501(c)(3) of the Internal
21 Revenue Code chosen by distributors to administer the
22 container redemption fund created in section 455C.3A, as well
23 as perform other duties identified in an agreement between the
24 steward and distributors.

25 Sec. 3. NEW SECTION. 455C.2A REFUND VALUE.

26 1. A refund value of not less than five cents shall be
27 paid by the consumer on each beverage container sold in this
28 state by a dealer for consumption off the premises. Upon
29 return of the empty beverage container, upon which a refund
30 value has been paid, to a person operating a redemption center
31 and acceptance of the empty beverage container by the person
32 operating the redemption center, the person operating the
33 redemption center shall return the amount of the refund value
34 to the consumer.

35 2. A consumer may dispose of a beverage container by

1 allowing the container to be collected by an entity providing
2 a local curbside collection service. An entity collecting a
3 beverage container pursuant to this subsection shall only
4 accept a container which has been reduced or altered in size
5 or shape as defined by the department.

6 Sec. 4. NEW SECTION. 455C.3A REIMBURSEMENT AMOUNT.

7 In addition to the refund value provided in section
8 455C.2A, a person operating a redemption center who redeems
9 empty beverage containers shall be reimbursed from moneys in
10 the container redemption fund an amount which is one cent per
11 container.

12 Sec. 5. NEW SECTION. 455C.3B CONTAINER REDEMPTION FUND.

13 1. A container redemption fund shall be established by a
14 steward selected by all distributors who sell a beverage
15 container to a dealer in this state. The fund shall consist
16 of any moneys received from distributors. Moneys in the fund
17 shall be considered to be held by the steward on behalf of the
18 consumers purchasing a beverage container from a dealer. Any
19 interest earned on moneys in the fund shall be retained in the
20 fund. The fund shall be used for purposes of disbursing
21 moneys to redemption centers and for purposes described in
22 section 455C.3C.

23 2. Within the container redemption fund, the steward shall
24 create an Iowa beautiful land account which shall be used at
25 the steward's discretion for purposes of supporting programs
26 related to recycling, solid waste management, and litter
27 control.

28 3. Within the container redemption fund, the steward shall
29 create a bottle bill scholarship account. The steward shall
30 establish a scholarship program which shall provide to
31 students of an eligible institution as defined in section
32 261.35 scholarships for matriculation at such an eligible
33 institution. In order to qualify for a scholarship, the
34 student, at a minimum, shall pursue a curriculum which
35 includes the topic of natural resources conservation or solid

1 waste management.

2 Sec. 6. NEW SECTION. 455C.3C ADMINISTRATION OF FUND.

3 On or after the first day of each calendar quarter, the
4 steward shall determine the final balance of the fund for the
5 end of the previous calendar quarter. One-half of the balance
6 shall be deemed to constitute abandoned refund value and shall
7 be allocated by the steward, in the following manner:

8 1. For the fiscal year beginning July 1, 2002, the steward
9 shall do all of the following:

10 a. Allocate up to ten percent of the abandoned refund
11 value for purposes of administering the fund.

12 b. Allocate up to thirty percent of the abandoned refund
13 value for purposes of providing financial assistance to
14 redemption centers for start-up costs.

15 c. Allocate thirty percent of the abandoned refund value
16 for purposes of providing financial assistance to solid waste
17 planning areas for recycling purposes.

18 d. Allocate the remaining abandoned refund value for
19 deposit in the Iowa beautiful land account.

20 2. For the fiscal year beginning July 1, 2003, the steward
21 shall do all of the following:

22 a. Allocate up to seven percent of the abandoned refund
23 value for purposes of administering the fund.

24 b. Allocate twenty percent of the abandoned refund value
25 for purposes of providing financial assistance to redemption
26 centers for start-up costs.

27 c. Allocate thirty percent of the abandoned refund value
28 for purposes of providing financial assistance to solid waste
29 planning areas for recycling purposes.

30 d. Allocate eight percent of the abandoned refund value
31 for purposes of remitting the moneys to the department of
32 natural resources to be used by the department for the restore
33 the outdoors program established in section 461A.3A.

34 e. Allocate five percent of the abandoned refund value for
35 deposit in the bottle bill scholarship account.

1 f. Allocate the remaining abandoned refund value for
2 deposit in the Iowa beautiful land account.

3 3. For the fiscal year beginning July 1, 2004, and every
4 fiscal year thereafter, the steward shall do all of the
5 following:

6 a. Allocate up to five percent of the abandoned refund
7 value for purposes of administering the fund.

8 b. Allocate ten percent of the abandoned refund value for
9 purposes of expanding recycling efforts at redemption centers.

10 c. Allocate thirty percent of the abandoned refund value
11 for purposes of providing financial assistance to solid waste
12 planning areas for recycling purposes.

13 d. Allocate twenty percent of the abandoned refund value
14 for purposes of remitting the moneys to the department of
15 natural resources to be used by the department for the restore
16 the outdoors program established in section 461A.3A.

17 e. Allocate five percent of the abandoned refund value for
18 deposit in the bottle bill scholarship account.

19 f. Allocate the remaining abandoned refund value for
20 deposit in the Iowa beautiful land account.

21 Sec. 7. Section 455C.4, Code 2001, is amended to read as
22 follows:

23 455C.4 REFUSAL TO ACCEPT CONTAINERS.

24 1. ~~Except as provided in section 455C.2, subsection 3-a~~
25 ~~dealer-a~~ A person operating a redemption center-a
26 ~~distributor-or-a-manufacturer~~ may refuse to accept any empty
27 beverage container which does not have stated on it a refund
28 value as provided under section 455C.2. A person operating a
29 redemption center shall refuse to accept an empty beverage
30 container which has been reduced or altered in size or shape
31 as defined by the department.

32 2. ~~A dealer may refuse to accept and to pay the refund~~
33 ~~value of any empty beverage container if the place of business~~
34 ~~of the dealer and the kind and brand of empty beverage~~
35 ~~containers are included in an order of the department~~

1 ~~approving-a-redemption-center-under-section-455E-6. A~~
2 ~~redemption center may deduct five cents from the total~~
3 ~~reimbursement to be received by a consumer for any empty~~
4 ~~beverage container that is presented to the redemption center~~
5 ~~which does not meet the requirements of section 455C.5.~~

6 ~~3.--A-dealer-or-a-distributor-may-refuse-to-accept-and-to~~
7 ~~pay-the-refund-value-of-an-empty-wine-or-alcoholic-liquor~~
8 ~~container-which-is-marked-to-indicate-that-it-was-sold-by-a~~
9 ~~state-liquor-store.--The-alcoholic-beverages-division-shall~~
10 ~~not-reimburse-a-dealer-or-a-distributor-the-refund-value-on-an~~
11 ~~empty-wine-or-alcoholic-liquor-container-which-is-marked-to~~
12 ~~indicate-that-the-container-was-sold-by-a-state-liquor-store.~~

13 ~~4.--A-class-"E"-liquor-control-licensee-may-refuse-to~~
14 ~~accept-and-to-pay-the-refund-value-on-an-empty-alcoholic~~
15 ~~liquor-container-from-a-dealer-or-a-redemption-center-or-from~~
16 ~~a-person-acting-on-behalf-of-or-who-has-received-empty~~
17 ~~alcoholic-liquor-containers-from-a-dealer-or-a-redemption~~
18 ~~center.~~

19 ~~5.--A-manufacturer-or-distributor-may-refuse-to-accept-and~~
20 ~~to-pay-the-refund-value-and-reimbursement-as-provided-in~~
21 ~~section-455E-2-on-any-empty-beverage-container-that-was-picked~~
22 ~~up-by-a-dealer-agent-from-a-dealer-outside-the-geographic~~
23 ~~territory-served-by-the-manufacturer-or-distributor.~~

24 Sec. 8. Section 455C.5, subsection 1, Code 2001, is
25 amended to read as follows:

26 1. Each beverage container sold or offered for sale in
27 this state by a dealer shall clearly and conspicuously
28 indicate by embossing or by a stamp, label or other method
29 securely affixed to the container, the refund value of the
30 container. The department shall specify, by rule, the minimum
31 size of the refund value indication on the beverage
32 containers.

33 Sec. 9. Section 455C.5, Code 2001, is amended by adding
34 the following new subsections:

35 NEW SUBSECTION. 4. A distributor shall not sell or offer

1 for sale to a dealer in this state a beverage container if the
2 distributor sells the same beverage container meeting the
3 labeling requirements of this section in a state that does not
4 have a beverage container redemption system, unless the
5 distributor deposits in the container redemption fund an
6 amount equal to the refund value per container meeting the
7 labeling requirements of this section to a dealer in a state
8 that does not have a beverage container redemption system.

9 NEW SUBSECTION. 5. Subsection 4 shall not apply if a
10 distributor demonstrates to the steward an average ratio of
11 beverage containers meeting the labeling requirements of this
12 section and sold to dealers in a state that does not have a
13 beverage container redemption system which are eventually
14 redeemed in this state. Upon approval by the steward of the
15 ratio, the steward and distributor shall agree on the proper
16 amount the distributor must pay into the container redemption
17 fund per container sold to a dealer in a state that does not
18 have a beverage container redemption system.

19 Sec. 10. Section 455C.6, Code 2001, is amended to read as
20 follows:

21 455C.6 REDEMPTION CENTERS.

22 1. To facilitate the return of empty beverage containers
23 ~~and-to-serve-dealers-of-beverages~~, any person may establish a
24 redemption center, subject to the approval of the department
25 steward, at which consumers may return empty beverage
26 containers and receive payment of the refund value of such
27 beverage containers. A dealer shall not own or operate a
28 redemption center, unless the redemption center is located
29 outside and separate from the business premises of the dealer.

30 2. An application for approval of a redemption center
31 shall be filed with the department steward. The application
32 shall state the name and address of the person responsible for
33 the establishment and operation of the redemption center, the
34 kind and brand names of the beverage containers which will be
35 accepted at the redemption center, ~~and-the-names-and-addresses~~

1 of-the-dealers-to-be-served-by-the-redemption-center. The
2 application shall contain such other information as the
3 director steward may reasonably require.

4 3. The department steward shall approve a redemption
5 center if it finds that the redemption center will provide a
6 convenient service to consumers for the return of empty
7 beverage containers. ~~The order of the department approving a~~
8 ~~redemption center shall state the dealers to be served by the~~
9 ~~redemption center and the kind and brand names of empty~~
10 ~~beverage containers which the redemption center must accept.~~
11 The order approving a redemption center may contain such other
12 provisions to insure ensure that the redemption center will
13 provide a convenient service to the public as the director
14 steward may determine.

15 4. The department steward may review the approval of any
16 redemption center at any time. After written notice to the
17 person responsible for the establishment and operation of the
18 redemption center, ~~and to the dealers served by the redemption~~
19 ~~center,~~ the commission steward may, after hearing, withdraw
20 approval of a redemption center if the commission steward
21 finds there has not been compliance with the department's
22 steward's order approving the redemption center, or if the
23 redemption center no longer provides a convenient service to
24 the public.

25 5. All approved redemption centers shall meet applicable
26 health standards.

27 Sec. 11. Section 455C.12, subsections 1, 2, and 3, Code
28 2001, are amended to read as follows:

29 1. Any person violating the provisions of section ~~455E-2,~~
30 ~~455E-3,~~ 455C.5, and 455C.8, or a rule adopted under this
31 chapter shall be guilty of a simple misdemeanor.

32 2. ~~A distributor~~ An owner or operator of a redemption
33 center who collects or attempts to collect a refund value on
34 an empty beverage container when the distributor redemption
35 center has paid the refund value on the container to a dealer,

1 ~~redemption-center~~-or consumer is guilty of a fraudulent
2 practice.

3 3. Any person who does any of the following acts is guilty
4 of a fraudulent practice:

5 a. Collects or attempts to collect the refund value on the
6 container a second time, with the knowledge that the refund
7 value has once been paid by the ~~distributor~~ redemption center
8 to a ~~dealer~~-~~redemption-center~~-or consumer.

9 b. Manufactures, sells, possesses, or applies a false or
10 counterfeit label or indication which shows or purports to
11 show a refund value for a beverage container, with intent to
12 use the false or counterfeit label or indication.

13 c. Collects or attempts to collect a refund value on a
14 container with the use of a false or counterfeit label or
15 indication showing a refund value, knowing the label or
16 indication to be false or counterfeit.

17 Sec. 12. NEW SECTION. 455C.17 PILOT PROJECT.

18 The steward shall establish a pilot project which would
19 allow a solid waste planning area to function as a redemption
20 center in terms of accepting empty beverage containers from
21 consumers and paying the refund value to consumers. A
22 participant in the pilot project shall receive from the
23 container redemption fund five cents per container accepted
24 from a consumer. Any container accepted by a pilot project
25 participant may be sold by the participant to a recycler and
26 moneys received by the participant shall be retained by the
27 participant.

28 Sec. 13. NEW SECTION. 455C.18 REPORT.

29 1. By January 15 of each year, the steward shall submit to
30 the department a financial report regarding the container
31 redemption fund.

32 2. Every five years beginning in the calendar year 2007,
33 by January 15, the department, in cooperation with the
34 steward, shall submit a written report to the general assembly
35 which reviews and provides recommendations regarding the

1 administration of this chapter including, but not limited to,
2 the allocation of abandoned refund value in the container
3 redemption fund and the types of beverage containers covered
4 under this chapter.

5 Sec. 14. NEW SECTION. 455C.19 RECYCLED CONTENT IN
6 BEVERAGE CONTAINERS.

7 A beverage container made of glass or metal sold or offered
8 for sale in this state shall have a minimum postconsumer
9 recycled content of twenty-five percent by weight.

10 Sec. 15. Section 455C.3A, as enacted in section 104 of
11 this Act, is amended to read as follows:

12 455C.3A REIMBURSEMENT AMOUNT.

13 1. In addition to the refund value provided in section
14 455C.2A, a person operating a redemption center who redeems
15 empty beverage containers shall be reimbursed from moneys in
16 the container redemption fund an amount which is one cent and
17 one-half cents per container.

18 2. By the seventh day of each month, a distributor that is
19 not a part of the agreement submitted to the department
20 pursuant to section 20 of this Act shall remit to the steward
21 for deposit in the container redemption fund an amount equal
22 to three cents for each beverage container sold to a dealer
23 during the previous month.

24 Sec. 16. Section 455C.3A, as enacted in section 104 of
25 this Act, is amended to read as follows:

26 455C.3A REIMBURSEMENT AMOUNT.

27 1. In addition to the refund value provided in section
28 455C.2A, a person operating a redemption center who redeems
29 empty beverage containers shall be reimbursed from moneys in
30 the container redemption fund an amount which is one-cent
31 three cents per container.

32 2. By the seventh day of each month, a distributor that is
33 not a part of the agreement submitted to the department
34 pursuant to section 20 of this Act shall remit to the steward
35 for deposit in the container redemption fund an amount equal

1 to three cents for each beverage container sold to a dealer
2 during the previous month.

3 Sec. 17. Section 455C.2, Code 2001, is repealed.

4 Sec. 18. Section 455C.3, Code 2001, is repealed.

5 Sec. 19. Section 455C.7, Code 2001, is repealed.

6 Sec. 20. DISTRIBUTOR PLAN -- CONTINGENT EFFECTIVE DATE.

7 1. By January 1, 2002, all distributors shall develop an
8 agreement and submit the agreement to the department of
9 natural resources. The agreement shall include provisions
10 relating to, but not be limited to, all of the following:

11 a. The designation of a steward for the container
12 redemption fund.

13 b. The amount to be deposited in the container redemption
14 fund by distributors on a per beverage container basis.

15 c. The manner in which distributors shall transfer moneys
16 in paragraph "b".

17 d. A plan for distributors to transfer to the steward for
18 deposit in the container redemption fund on July 1, 2002, any
19 moneys being held by distributors as unredeemed refund value.

20 2. An agreement shall not be deemed complete or properly
21 submitted to the department until the department approves the
22 steward designated by the distributors.

23 3. If the department has not received an agreement from
24 distributors and has not approved the steward designated by
25 the distributors by January 1, 2002, section 16 of this Act
26 shall take effect January 1, 2002, section 22, subsections 1
27 and 2, of this Act are repealed on January 1, 2002, and
28 section 15 of this Act is repealed on January 1, 2002.

29 4. If the department has received an agreement from
30 distributors and has approved the steward designated by the
31 distributors by January 1, 2002, section 15 of this Act shall
32 take effect January 1, 2002, and section 22, subsection 1, of
33 this Act is repealed January 1, 2002.

34 Sec. 21. FUND CREATION -- INITIAL DEPOSITS -- EFFECTIVE
35 DATE -- CONTINGENT REPEAL.

1 1. By July 1, 2002, the steward shall establish the
2 container redemption fund and receive initial deposits from
3 distributors. Upon completion of the requirements of this
4 subsection, the steward shall submit notice to the department
5 of natural resources confirming compliance with the
6 requirements of this subsection.

7 2. If the department has not received notice of compliance
8 from the steward by July 1, 2002, section 16 of this Act shall
9 take effect on July 1, 2002, and section 22, subsection 2, of
10 this Act is repealed on July 1, 2002.

11 3. Sections 5 and 6 of this Act shall take effect July 1,
12 2002.

13 Sec. 22. EFFECTIVE DATES.

14 1. Section 15 of this Act shall take effect January 1,
15 2003.

16 2. Section 16 of this Act shall take effect January 1,
17 2003.

18 3. Sections 3, 4, 7, 8, 9, 10, 11, 12, 13, 17, 18, and 19
19 of this Act shall take effect January 1, 2003.

20 4. Sections 1 and 14 of this Act shall take effect July 1,
21 2003.

22 EXPLANATION

23 This bill amends Code chapter 455C, which contains the
24 beverage container control law. The bill replaces the current
25 system for redeeming and recycling beverage containers with a
26 new system.

27 Effective July 1, 2003, the bill expands the list of
28 beverages whose containers are regulated under Code chapter
29 455C and amends the definition of "beverage container". The
30 newly regulated beverages include any nonalcoholic carbonated
31 and noncarbonated drinks excluding grade 'A' milk and milk
32 products as specified in the grade 'A' pasteurized milk
33 ordinance. The bill provides a list of exceptions to the
34 newly regulated beverages. The bill provides that "beverage
35 container" means a bottle, can, jar, or other container made

1 of glass, metal, or plastic containing a beverage. The bill
2 limits the definition by size for certain noncarbonated drinks
3 and beverage containers for fruit juices and drinks.

4 Effective July 1, 2003, the bill provides that a beverage
5 container made of glass or metal sold or offered for sale in
6 this state shall have a minimum postconsumer recycled content
7 of 25 percent by weight.

8 Effective January 1, 2003, the bill provides that a refund
9 value of not less than five cents shall be paid by the
10 consumer on each beverage container sold in this state by a
11 dealer for consumption off the premises. The bill provides
12 that, upon return of the empty beverage container, upon which
13 a refund value has been paid, to a person operating a
14 redemption center and acceptance of the empty beverage
15 container by the person operating the redemption center, the
16 person operating the redemption center shall return the amount
17 of the refund value to the consumer.

18 Effective January 1, 2003, the bill provides that in
19 addition to the refund value, a person operating a redemption
20 center who redeems empty beverage containers shall be
21 reimbursed from moneys in the container redemption fund an
22 amount which is one cent per container.

23 Effective July 1, 2002, the bill provides that a container
24 redemption fund shall be established and administered by a
25 steward selected by all distributors and approved by the
26 department of natural resources. The bill provides that the
27 fund shall consist of any moneys received from distributors.
28 The bill also creates an Iowa beautiful land account and a
29 scholarship account within the fund.

30 Effective July 1, 2002, the bill provides that, on or after
31 the first day of each calendar quarter, the steward shall
32 determine the final balance of the fund for the end of the
33 previous calendar quarter. The bill provides that one-half of
34 the balance shall be deemed to constitute abandoned refund
35 value and provides for the allocation of the abandoned refund

1 value.

2 Effective January 1, 2003, the bill provides that a person
3 operating a redemption center shall refuse to accept an empty
4 beverage container which has been reduced or altered in size
5 or shape as defined by the department. The bill provides that
6 a redemption center may deduct five cents from the total
7 reimbursement to be received by a consumer for any empty
8 beverage container that is presented to the redemption center
9 which does not meet the labeling requirements.

10 Effective January 1, 2003, the bill provides a beverage
11 container sold or offered for sale in this state by a dealer
12 shall clearly and conspicuously indicate the refund value.
13 The bill provides that a distributor shall not sell or offer
14 for sale to a dealer in this state a beverage container if the
15 distributor sells the same beverage container meeting the
16 labeling requirements of this section in a state that does not
17 have a beverage container redemption system, unless the
18 distributor deposits in the container redemption fund an
19 amount equal to the refund value per container meeting the
20 labeling requirements to a dealer in a state that does not
21 have a beverage container redemption system, unless a
22 distributor demonstrates to the steward an average ratio of
23 beverage containers meeting the labeling requirements and sold
24 to dealers in a state that does not have a beverage container
25 redemption system which are eventually redeemed in this state.

26 Effective January 1, 2003, the bill provides that a dealer
27 shall not own or operate a redemption center, unless the
28 redemption center is located outside and separate from the
29 business premises of the dealer.

30 Effective January 1, 2003, the bill provides that the
31 steward shall establish a pilot project which would allow a
32 solid waste planning area to function as a redemption center
33 in terms of accepting empty beverage containers from consumers
34 and paying the refund value to consumers. The bill provides
35 that a participant in a pilot project shall receive five cents

1 per container from the container redemption fund and any
2 container accepted by the participant may be sold by the
3 participant to a recycler with the participant retaining the
4 proceeds of the sale.

5 Effective January 1, 2003, the bill provides that, by
6 January 15 of each year, the steward shall submit to the
7 department a financial report regarding the container
8 redemption fund. The bill provides that, every five years
9 beginning in the calendar year 2007, by January 15, the
10 department, in cooperation with the steward, shall submit a
11 written report to the general assembly which reviews and
12 provides recommendations regarding the administration of the
13 beverage container control law.

14 The bill provides that, by January 1, 2002, all
15 distributors shall develop an agreement and submit the
16 agreement to the department. The bill provides that the
17 agreement shall include the designation of a steward for the
18 container redemption fund, the amount to be deposited in the
19 container redemption fund by distributors on a per beverage
20 container basis, the manner in which distributors shall
21 transfer moneys to the fund, and a plan for distributors to
22 transfer to the steward for deposit in the container
23 redemption fund any moneys being held by distributors as
24 unredeemed refund value. The bill provides that an agreement
25 shall not be deemed complete or properly submitted to the
26 department until the department approves the steward
27 designated by the distributors. The bill provides that if the
28 department has received an agreement from distributors by
29 January 1, 2002, the reimbursement amount shall increase to
30 one and one-half cents per container, otherwise the
31 reimbursement amount increases to three cents. The bill
32 provides that, for any distributor not part of the distributor
33 agreement, the distributor shall remit to the steward for
34 deposit in the container redemption fund an amount equal to
35 three cents for each beverage container sold to a dealer

1 during the previous month.

2 The bill provides that, by July 1, 2002, the steward shall
3 establish the container redemption fund and receive initial
4 deposits from distributors and shall submit notice to the
5 department confirming compliance with these requirements. The
6 bill provides that if notice is not received by July 1, 2002,
7 the reimbursement amount shall increase to three cents per
8 container.

9 The bill also makes conforming amendments.

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SENATE FILE 510
FISCAL NOTE

The estimate for **Senate File 510** is hereby submitted as a fiscal note pursuant to Joint Rule 17 and as a correctional impact statement pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 510 changes the beverage redemption process for containers requiring a five-cent deposit. The changes include:

1. Specifies beverage distributors appoint a non-profit Steward to administer the Container Redemption Fund by January 1, 2002, that is approved by the Department of Natural Resources. If a Steward is not approved by this date, the handling fee increases to three cents per container. If a Steward is approved, the handling fee is one and one-half cents per container.
2. Establishes a Container Redemption Fund and an Abandoned Refund Value by July 1, 2002. Specifies the Steward and distributors determine the amount paid into the Container Redemption Fund. Specifies the Steward calculate the amount of the Abandoned Refund Value every quarter that will fund environmental programs.
3. Specifies consumers return non-altered beverage containers to an approved redemption center for a deposit refund effective January 1, 2003. Allows the redemption center to refuse altered containers or deduct the deposit amount for containers not requiring a deposit. Specifies consumers can forfeit the deposit and place the altered container in a curbside recycling bin.
4. Specifies the Steward submit an annual report detailing the Container Redemption Fund to the Department of Natural Resources effective January 1, 2003. Further specifies the Steward and the Department will submit a report to the General Assembly every five years detailing the operations of the Bottle Bill.
5. Expands the types of containers requiring a deposit to include any carbonated or noncarbonated beverages, with the exception of milk products by January 1, 2003. Excludes half-gallon containers made of high-density polyethylene for fruit juices and fruit drinks. Requires the containers to be clearly marked with the deposit requirement.
6. Requires glass and metal beverage containers to have at least a 25% recycled content. This is effective January 1, 2003.

ASSUMPTIONS

1. The estimated number of beverage containers under current law sold

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annually is 1.6 billion. It is estimated that 92% of the containers would be redeemed and 8% would not be redeemed.

2. The estimated number of beverage containers under the expanded law sold annually is 1.8 billion. It is estimated that 60% of the containers would be redeemed, 30% would be forfeited, and 10% would be unredeemed.
3. The estimated maximum revenue paid to the Container Redemption Fund is \$150.6 million for FY 2003 assuming a one and one-half cent handling fee and that an agreement is reached between the Steward and the distributors. The maximum revenue paid would be \$185.4 million assuming a three cent handling fee if an agreement is not reached between the Steward and the distributors. This revenue estimate includes payments by the distributor to the Steward for the six-month period of January 1, 2002, through June 30, 2002. The estimated revenue for FY 2004 and subsequent years is \$116.7 million based on the one and one-half cent handling fee. The Bill allows the Steward and the distributors to agree upon a lower amount paid to the Container Redemption Fund that is not based on the number of containers sold.
4. The estimated payment to the Container Redemption Fund for the one-time unredeemed value fund is \$942,000. This assumes an 8% unredeemed rate for one-half year. The Bill allows the Steward and the distributors to agree to a lower amount.
5. The estimated payout to redemption centers would be \$138.4 million for FY 2003 assuming the one and one-half cent handling fee. The estimated payout for FY 2003 assuming the three cent handling fee is \$170.3 million. This includes the last six months of FY 2002. The estimated payout for FY 2004 and subsequent years is \$70.0 million assuming the one and one-half cent handling fee.
6. The estimated Abandoned Refund Value for FY 2003 would be \$6.6 million assuming a one and one-half cent handling fee and \$8.0 million assuming a three-cent handling fee for FY 2003. This includes the last six months of FY 2002. The payment for FY 2004 would be \$23.3 million assuming a one and one-half cent handling fee.
7. The median cost for attorney time and paralegal time per case is \$200 for a simple misdemeanor. Court costs for a simple misdemeanor range from \$50 to \$500. A simple misdemeanor may serve up to 30 days in a residential Community-Based Correctional Program, however, it is unlikely.

CORRECTIONAL IMPACT

The number of convictions under Senate File 510 is unknown. However, any correctional impact is expected to be minimal.

FISCAL IMPACT

The estimated fiscal impact of Senate File 510 is an increase of \$13.2 million to the Container Redemption Fund and an increase of \$6.6 million to the Abandoned Refund Value for FY 2003. The Container Redemption Fund would receive \$46.7 million for FY 2004 and subsequent years. The Abandoned Refund

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Value would receive \$23.4 million for FY 2004 and subsequent years. The Department of Natural Resources would receive an estimated \$1.9 million for FY 2004 and \$4.7 million in FY 2005 and subsequent years from the Abandoned Refund Value for Restore the Outdoors Program.

The cost associated with violations of the expanded Bottle Bill cannot be determined. However, the estimated cost for each person convicted would range from \$250 to \$750.

SOURCE

Department of Natural Resources

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