



[SF 2378](#) – Beverage Container Control, Bottle Bill (LSB5962SV.3)
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Fiscal Note Version – Final Action

Description

[Senate File 2378](#) adds high alcoholic content beer and canned cocktails to the definition of “beverage” in Iowa Code section [455C.1](#). The Bill also defines “participating dealer” and “mobile redemption system.” The Bill raises the handling fee associated with redeeming empty beverage containers to three cents when paid to a redemption center or participating dealer. A distributor who pays the one-cent handling fee for beer may claim a refund of the barrel tax paid by the distributor of one cent for each eligible beverage container accepted. The Bill requires the registration of universal product codes (UPCs) for each beverage container in a format determined by the Iowa Department of Revenue (IDR), effective November 15, 2023.

The Bill allows a dealer to refuse to accept empty beverage containers if any of the following apply:

- The dealer holds a food establishment license under Iowa Code chapter [137F](#) to prepare or serve food, has a certified food protection manager as required by the Food and Drug Administration, and sells time or temperature control for food safety as defined in Iowa Code section [137F.2](#).
- The dealer has entered into an agreement with a mobile redemption system and the dealer provides adequate space, utilities, and Internet connection to operate the mobile redemption center, and the agreement does not require additional payment to the dealer or mobile redemption center.
- The dealer’s place of business is in a county with a population of more than 30,000 people and is within 10 miles of a redemption center or mobile redemption system, or the place of business is in a county with 30,000 or fewer people and within 15 miles of a redemption center or mobile redemption system.

Section 19 of the Bill allows a dealer to refuse to accept beverage containers before January 1, 2023, if a dealer meets the requirements of entering into an agreement with a mobile redemption center or being within range of a redemption center with the required population sizes. This section is effective upon enactment.

A dealer who refuses to accept beverage containers must display on the front door of the place of business a notice that says the dealer does not accept the containers, as well as provides the location of the nearest redemption center or mobile redemption system. The Bill also requires the Department of Natural Resources (DNR) to create an electronic method for the public to locate redemption centers and mobile redemption systems.

The Bill creates a civil penalty of \$2,000 for violations of Iowa Code chapter [455C](#) and allows the DNR to issue compliance orders, subject to judicial review, that carry a civil penalty not to exceed \$2,000 per day of violating the compliance order. The Bill also creates a civil penalty for which a violation consists of a person knowingly attempting to redeem a beverage container that is not properly marked as required by Iowa Code section [455C.5\(1\)](#). The civil penalty is not to

exceed \$10 per improperly marked container redeemed, but not to exceed \$5,000 per attempted transaction.

The Bill creates a Bottle Bill Fund under the control of the DNR. This Fund consists of moneys collected from the civil penalties established in the Bill as amended and is to be used for the administration and enforcement of Iowa Code chapter 455C and to reimburse the Attorney General for costs incurred for enforcing the chapter. The Bill allows any remaining amount of refund value or handling fees possessed by a distributor after the distributor has made all necessary payments to be the property of the distributor.

The Bill also requires the Legislative Fiscal Committee to meet in the interim preceding the 2026 regular Legislative Session. At this meeting, the Committee shall review the enforcement of Iowa Code chapter 455C, including the collection of civil penalties, the report provided by the Attorney General, how many redemption centers have been approved by the DNR, the adequacy of the reimbursement amount, and any other information the committee deems important. The Committee must submit a report to the General Assembly on its findings and recommendations no later than July 31, 2026. The Attorney General is also required to submit a report to the General Assembly, detailing any legal proceedings that arise under Iowa Code chapter 455C after the civil penalties in this Bill are enacted, prior to the required meeting of the Legislative Fiscal Committee.

Background

Currently, when a dealer or redemption center accepts a beverage container from a consumer, the dealer or redemption center is required to pay the consumer the five-cent refund value of the beverage containers in a timely manner. Distributors pay a one-cent handling fee to a dealer or redemption center in addition to the refund value of the beverage container. Anyone may establish a redemption center subject to the approval of the DNR by submitting an application to the DNR. The DNR may approve a redemption center if the DNR finds that the redemption center provides a convenient service to consumers for the return of empty beverage containers. The DNR may withdraw approval if the Environmental Protection Commission finds the redemption center to be out of compliance with the DNR's approving order or finds that the redemption center no longer provides a convenient service to the public. Anyone may open a redemption center that has not been approved by the DNR, but an unapproved redemption center does not relieve a dealer of the responsibility of redeeming any empty beverage container if the dealer sells that kind and brand.

Under current Iowa Code section [455C.12](#), violating refund requirements results in a simple misdemeanor, which carries a fine of at least \$105 but not to exceed \$855. The court may order imprisonment not to exceed 30 days in lieu of a fine or in addition to a fine. In FY 2021, there was one conviction for violation of Iowa Code chapter 455C.

Assumptions

- The DNR will require 2.5 full-time equivalent (FTE) positions to address and enforce violations of Iowa Code chapter 455C.
- There will be an unknown increase in revenue to the Bottle Bill Fund created due to civil penalties associated with compliance orders.
- The DNR will incur a one-time information technology (IT) expense for the development of a database of redemption center locations.
- There may be additional costs incurred by the IDR for the creation and maintenance of a UPC database; however, the impact is expected to be minimal.
- There will be an unknown decrease to the General Fund due to refunds distributed from the beer barrel tax paid by distributors.

Fiscal Impact

Table 1 shows the cost of 2.0 FTE Environmental Specialist positions required to maintain the databases required in the Bill as amended and to address violations of Iowa Code chapter 455C. The table also includes 0.5 FTE position for an Attorney 2 position for the legal enforcement of administrative orders and a one-time IT expense for the development of the required database.

Table 1
Estimated Fiscal Impact of SF 2378 to the DNR

2.0 Environmental Specialists	\$ 127,000
0.5 Attorney 2	43,000
Total Annual Expense	\$ 170,000
One-Time IT Expense	45,000
Total First Year Expense	\$ 215,000

Revenue from the civil penalties shall be deposited into the Bottle Bill Fund. It is unknown how many civil penalties may be incurred; therefore, the amount of revenue that will be deposited into the Fund is unknown.

Net General Fund revenue will decrease due to refunds of beer barrel taxes paid by distributors; however, this decrease is unknown, but likely to be significant.

Sources

Legislative Services Agency
Department of Natural Resources
Iowa Department of Revenue

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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