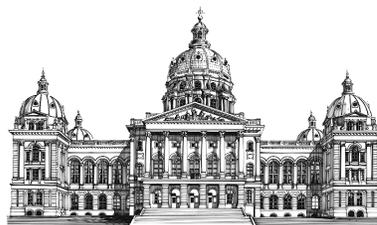


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# Iowa Legislative Fiscal Bureau

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## Overview of the Beverage Container Control Act

### ISSUE

The Beverage Container Control Act created a mandatory five-cent deposit on containers of carbonated beverages, liquor, and wine. This *Issue Review* provides an overview of this Program.

### AFFECTED AGENCIES

Department of Natural Resources

### CODE AUTHORITY

Chapter 455C, Code of Iowa

### BACKGROUND

The Beverage Container Control Act was approved by the 1978 General Assembly and was effective on July 1, 1979. The overall purpose of the legislation was to control litter along roadways in Iowa. In 1980, the Department of Transportation estimated there was a 79.0% reduction in bottle and can litter in Iowa after the passage of this legislation. Another benefit has been the development of a waste recycling industry, which is supported by consumer participation. It is estimated that there has been a 33.0% per capita reduction of garbage sent to Iowa landfills since 1988.

The following summarizes the bottle deposit process:

- Distributors of beer, soda pop, liquor, and wine deliver the product to the retailer and charge a five-cent deposit on each container.
- Retail establishments selling beer, soda pop, liquor, and wine are required to charge a five-cent bottle deposit per container at the point of sale. The customer pays the deposit.
- These establishments are required to redeem only the same types of bottles that they sell. When the customer returns the containers, the retailer refunds the deposit.
- Distributors pick up the empty containers and pay the retailer six cents per container that is picked up. Five cents is for the original deposit and one cent is for a handling fee.

- When the customer does not return the container, this is called an unredeemed deposit. The distributor retains unredeemed deposits. The Container Recycling Institute estimates the unredeemed rate is 10.0% in the State of Iowa.
- Beer distributors are required to have a redemption center in every county for empty metal beverage containers.
- The refund value must be clearly stated on the container.

The 1994 General Assembly established the Management of Beverage Containers Interim Study Committee. The recommendations of the Committee included:

- Eliminate the ban on polystyrene.
- Revise the 25.0% waste reduction and recycling goals so planning areas that meet the goals are rewarded but planning areas that do not meet the goals are not penalized.
- Encourage a unified, comprehensive waste collection and recycling program for the State. This would provide recycling drop off sites for all communities and increase the number of curbside recycling programs.
- Request the Department of Natural Resources to establish a grant for a centrally located glass recycling plant.
- Exempt wine and liquor containers from the bottle deposit.

In 1995, the first four recommendations were included in legislation enacted by the General Assembly. The Solid Waste Alternatives Program, administered by the Waste Management Assistance Division, provides funding for projects such as a glass recycling plant; however, no applications have been received for that type of project. In FY 1999, \$2.1 million was available to the Solid Waste Alternatives Program.

### **CURRENT SITUATION**

The Container Recycling Institute estimates the average consumption rate for beverage containers requiring a deposit in Iowa is 665 per person per year. When Iowa's population of 2,830,000 is multiplied by the average, it results in approximately 1.9 billion containers consumed per year. The following summarizes the money generated by the five-cent deposit, the one-cent handling fee, and the unredeemed deposits based on the annual consumption of 1.9 billion containers:

- Deposit Fee -- \$94,000,000
- Handling Fee -- \$18,800,000 (paid by distributor)
- Unredeemed Deposits -- \$9,400,000 (retained by distributor)

The Institute reported that Iowa has a redemption rate of 90.0% with the following breakdown of redemption by container types:

- Aluminum – 95.0%
- Glass – 85.0%
- Plastic – 70.0% to 90.0%

The Institute summarized the redemption rates for the other eight states that have beverage container laws:

State	Containers Recycled	Deposit	Redemption Rate	Unredeemed Deposits	Handling Fee
CA	Beer, soda, wine coolers, mineral and soda water	\$0.025 for containers < 24 oz. \$0.050 for containers > 24 oz.	Aluminum – 80.0% Glass – 67.0% Plastic – 58.0% Overall – 76.0%	Funds used to administer the program and provide grants	None
CT	Beer, soda, mineral water	\$0.050	Aluminum – 88.0% Glass – Unknown Plastic – 80.0%	Retained by distributor	None
DE	Non-aluminum beer, soda, mineral water	\$0.050	Unknown	Retained by Distributor	\$0.010
ME	All beverage containers (no dairy or unprocessed cider)	\$0.050	Overall – 81.0%	Clean Environment Fund	\$0.025
MI	Beer, soda, wine coolers, canned cocktails, carbonated water	\$0.050 on refillable \$0.100 on non-refill	Overall – 98.0%	State environmental programs retain 75.0%  Handling fees receive 25.0%	25.0% of unclaimed deposits
NY	Beer, soda, wine coolers, carbonated water	\$0.050	Overall – 76.0%	Retained by distributor	\$0.020
OR	Beer, soda, mixed wine drinks, carbonated mineral water	\$0.020 for refillable \$0.050 for non-refill	Overall – 90.0%	Retained by distributor	None
VT	Beer, soda, mixed wine drinks, liquor, mineral water	\$0.050 for all except liquor \$0.150 liquor	Beer – 97.0% Soda – 90.0% Liquor – 72.0%	Retained by distributor	\$0.030

Source: Container Recycling Institute

The United States Environmental Protection Agency estimates that states having beverage container deposit laws experience a higher percentage of recycling. In 1995, states with beverage container deposit laws sold approximately 2.1 million tons of beverage containers and recycled 1.6 million tons or achieved a 76.3% recycling rate. The other states sold 5.2 million tons of containers and recycled 1.3 million tons or achieving a 25.5% recycling rate.

**ALTERNATIVES**

The General Assembly could pass legislation that would eliminate the beverage container deposit or exempt a classification of containers from the bottle deposit. This could include exempting wine and liquor bottles as recommended by the 1994 Interim Study Committee.

House File 37 (Beverage Containers) was introduced during the 1999 Legislative Session. This legislation expands the list of beverage containers to wine coolers or drinks, tea, potable water, fruit or vegetable juices, and fruit or vegetable drinks. This bill did not receive final legislation approval.

**BUDGET IMPACT**

Eliminating the beverage container deposit would not have a direct impact on the budget, as the State of Iowa receives no funds from the program. Eliminating the deposit requirement would have impact on the following:

- Increase cleanup of litter on Iowa roadways and highways
- Increased garbage levels at landfills
- Increase the need for curbside recycling programs, as 40.0% of Iowa residents do not have this service available
- Increase the cost of curbside recycling programs with increased garbage levels

Eliminating the deposit requirement on wine and liquor bottles would decrease handling fees by approximately \$215,000 based on sales reported to the Alcoholic Beverages Division for FY 1999.

Expanding the beverage container deposit would not have a direct impact on the budget. The Container Recycling Institute estimates the average consumption rate for beverage containers not requiring a deposit in Iowa is 87 per person per year. When multiplied by Iowa's population of 2,830,000 this results in approximately 246.2 million containers consumed per year. Money generated by the five-cent deposit fee would be \$12.3 million, money from the one-cent handling fee would be \$2.5 million and the unredeemed deposits would be \$1.2 million based on the 90.0% redemption rate.

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