

House File 2571 - Introduced

HOUSE FILE 2571

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2524)

(SUCCESSOR TO HSB 709)

A BILL FOR

1 An Act relating to beverage containers control provisions,
2 including handling fees, refund value, applicability to
3 certain beverages, and acceptance of beverage containers,
4 providing penalties, and including effective date
5 provisions.

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

1 Section 1. Section 455C.1, subsections 1 and 6, Code 2022,
2 are amended to read as follows:

3 1. "*Beverage*" means wine as defined in section 123.3,
4 subsection 54, alcoholic liquor as defined in section 123.3,
5 subsection 5, beer as defined in section 123.3, subsection
6 7, high alcoholic content beer as defined in section 123.3,
7 subsection 22, canned cocktail as defined in section 123.3,
8 subsection 11, mineral water, soda water, and similar
9 carbonated soft drinks in liquid form and intended for human
10 consumption.

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

15 Sec. 2. Section 455C.1, Code 2022, is amended by adding the
16 following new subsections:

17 NEW SUBSECTION. 11A. "*Mobile redemption system*" means
18 a location at which a consumer may return empty beverage
19 containers on which a refund value has been paid that uses
20 innovative technology to process empty beverage containers and
21 return the amount of the refund value to consumers.

22 NEW SUBSECTION. 12A. "*Participating dealer*" means a dealer
23 who accepts the return of empty beverage containers from a
24 consumer.

25 Sec. 3. Section 455C.2, Code 2022, is amended to read as
26 follows:

27 **455C.2 Refund values.**

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

1 a redemption center shall immediately return the amount of
2 the refund value to the consumer. Upon return of the empty
3 beverage container on which a refund value has been paid to a
4 mobile redemption system, the mobile redemption system shall
5 return the amount of the refund value to the consumer within a
6 reasonable time not to exceed ten days.

7 2. In addition to the refund value provided in subsection
8 1 of ~~this section~~, a participating dealer, dealer agent, or
9 person operating a redemption center or mobile redemption
10 system who redeems empty beverage containers ~~or a dealer agent~~
11 shall be reimbursed by the distributor required to accept the
12 empty beverage containers ~~an amount which~~ a handling fee that
13 is one cent per container, except as provided in subsection 3.
14 A participating dealer, dealer agent, or person operating a
15 redemption center or mobile redemption system may compact empty
16 metal beverage containers with the approval of the distributor
17 required to accept the containers.

18 3. a. Upon delivery of beverages from a distributor to a
19 dealer, the dealer shall pay a handling fee of one-half cent
20 per container to the distributor. This paragraph is repealed
21 July 1, 2027.

22 b. A distributor shall pay an additional one-cent handling
23 fee for each nonalcoholic beverage container accepted.

24 c. A distributor shall pay an additional one-half-cent
25 handling fee for each beverage container accepted that
26 contained beer, including high-alcoholic content beer. A
27 distributor who pays an additional handling fee pursuant to
28 this paragraph may claim a refund of the barrel tax established
29 in section 123.136 paid by the distributor in the amount
30 of one-half cent for each applicable beverage container
31 accepted. The department of revenue shall prescribe forms for
32 a distributor to use to claim a refund under this paragraph.

33 Sec. 4. Section 455C.3, subsections 1, 2, and 4, Code 2022,
34 are amended to read as follows:

35 1. A participating dealer shall not refuse to accept from a

1 consumer any empty beverage container of the kind, size, and
2 brand sold by the participating dealer, or refuse to pay to the
3 consumer the refund value of a beverage container as provided
4 under [section 455C.2](#).

5 2. A distributor shall accept and pick up from a
6 participating dealer served by the distributor or a redemption
7 center or mobile redemption system for a dealer served by
8 the distributor at least weekly, or when the distributor
9 delivers the beverage product if deliveries are less frequent
10 than weekly, any empty beverage container of the kind, size,
11 and brand sold by the distributor, and shall pay to the
12 participating dealer or person operating a redemption center
13 or mobile redemption system the refund value of a beverage
14 container and the reimbursement as provided under section
15 455C.2 within one week following pickup of the containers or
16 when the participating dealer ~~or redemption center~~ normally
17 pays the distributor for the deposit on beverage products
18 purchased from the distributor if less frequent than weekly.
19 A distributor or employee or agent of a distributor is not in
20 violation of [this subsection](#) if a redemption center or mobile
21 redemption system is closed when the distributor attempts to
22 ~~make a regular delivery or~~ a regular pickup of empty beverage
23 containers. [This subsection](#) does not apply to a distributor
24 selling alcoholic liquor to the alcoholic beverages division
25 of the department of commerce.

26 4. A distributor shall accept from a dealer agent any
27 empty beverage container of the kind, size, and brand sold by
28 the distributor and ~~which~~ that was picked up by the dealer
29 agent ~~from a dealer~~ within the geographic territory served
30 by the distributor and the distributor shall pay the dealer
31 agent the refund value of the empty beverage container and the
32 reimbursement as provided in [section 455C.2](#).

33 Sec. 5. Section 455C.4, Code 2022, is amended to read as
34 follows:

35 **455C.4 Refusal to accept containers.**

1 1. Except as provided in section 455C.5, subsection 3,
2 a dealer, a person operating a redemption center or mobile
3 redemption system, a distributor, or a manufacturer may refuse
4 to accept any empty beverage container ~~which~~ that does not have
5 stated on it a refund value as provided under section 455C.2.

6 2. a. A dealer may refuse to accept and to pay the
7 refund value of any empty beverage container if ~~the place of~~
8 ~~business of the dealer and the kind and brand of empty beverage~~
9 ~~containers are included in an order of the department approving~~
10 ~~a redemption center under section 455C.6~~ any of the following
11 apply:

12 (1) The dealer sells less than three thousand five hundred
13 beverage containers each year.

14 (2) The dealer sells prepared foods or fresh produce.

15 (3) The dealer has entered an agreement with a mobile
16 redemption system and all of the following apply:

17 (a) The dealer provides adequate space, utilities, and
18 internet connection to operate the mobile redemption system.

19 (b) The agreement does not require additional payment to the
20 dealer or the mobile redemption system.

21 (4) The dealer's place of business is in a county with a
22 population of more than thirty thousand and within ten miles
23 of a redemption center or mobile redemption system or if the
24 dealer's place of business is in a county with a population
25 of thirty thousand or fewer and within fifteen miles of a
26 redemption center or mobile redemption system.

27 b. A dealer who refuses to accept and to pay the refund
28 value on any empty beverage container pursuant to this
29 subsection shall conspicuously display on the front door of
30 the dealer's place of business a notice that the dealer does
31 not accept empty beverage containers. The notice shall also
32 provide the location of the nearest redemption center or mobile
33 redemption system to the dealer's place of business. After the
34 department has made available an electronic method for locating
35 redemption centers and mobile redemption systems pursuant to

1 paragraph "c", a dealer may direct consumers to such electronic
2 method instead of providing the location of the nearest
3 redemption center or mobile redemption system on the notice.

4 c. By December 31, 2022, the department shall make available
5 to the public an electronic method of locating redemption
6 centers and mobile redemption systems.

7 d. A dealer who provides space for a mobile redemption
8 system pursuant to paragraph "a", subparagraph (3), shall not be
9 considered to be in violation of any county or city ordinance
10 that would otherwise limit the ability of the dealer to provide
11 such space.

12 ~~3. A dealer or a distributor may refuse to accept and to pay~~
13 ~~the refund value of an empty wine or alcoholic liquor container~~
14 ~~which is marked to indicate that it was sold by a state liquor~~
15 ~~store. The alcoholic beverages division shall not reimburse~~
16 ~~a dealer or a distributor the refund value on an empty wine or~~
17 ~~alcoholic liquor container which is marked to indicate that the~~
18 ~~container was sold by a state liquor store.~~

19 ~~4.~~ 3. A class "E" liquor control licensee may refuse to
20 accept and to pay the refund value on an empty alcoholic liquor
21 container from a participating dealer, ~~or~~ a redemption center,
22 or a mobile redemption system or from a person acting on behalf
23 of or who has received empty alcoholic liquor containers from
24 a participating dealer, ~~or~~ a redemption center, or a mobile
25 redemption system.

26 ~~5.~~ 4. A manufacturer or distributor may refuse to accept
27 and to pay the refund value and reimbursement as provided in
28 section 455C.2 on any empty beverage container that was picked
29 up by a dealer agent ~~from a dealer~~ outside the geographic
30 territory served by the manufacturer or distributor.

31 Sec. 6. Section 455C.5, subsection 1, Code 2022, is amended
32 to read as follows:

33 1. Each beverage container sold or offered for sale in
34 this state by a dealer shall clearly indicate the refund value
35 of the container by embossing or by a stamp, label, or other

1 method securely affixed to the container, ~~the refund value of~~
2 ~~the container~~. The department shall specify, by rule, the
3 minimum size of the refund value indication on the beverage
4 containers and require registration of the universal product
5 code for each beverage container in a format determined by the
6 department.

7 Sec. 7. Section 455C.6, subsections 1, 2, and 5, Code 2022,
8 are amended to read as follows:

9 1. To facilitate the return of empty beverage containers
10 and to serve dealers of beverages, any person may establish a
11 redemption center, ~~subject to the approval of the department,~~
12 or mobile redemption system at which consumers may return empty
13 beverage containers and receive payment of the refund value of
14 such beverage containers. A participating dealer may act as a
15 redemption center for purposes of this chapter.

16 2. ~~An application for approval of a~~ A person operating
17 a redemption center or a mobile redemption system shall file
18 written notice of the operation of the redemption center shall
19 be filed or mobile redemption system with the department. The
20 application notice shall state the name and address of the
21 person responsible for the establishment and operation of the
22 redemption center, ~~the kind and brand names of the beverage~~
23 ~~containers which will be accepted at the redemption center,~~
24 or mobile redemption system and the names and addresses of
25 the dealers to be served by the redemption center or mobile
26 redemption system. The ~~application~~ notice shall contain such
27 other information as the director may reasonably require.

28 5. All ~~approved~~ redemption centers and mobile redemption
29 systems shall meet applicable health standards.

30 Sec. 8. Section 455C.6, subsections 3 and 4, Code 2022, are
31 amended by striking the subsections.

32 Sec. 9. Section 455C.12, subsections 2 and 3, Code 2022, are
33 amended to read as follows:

34 2. A distributor who collects or attempts to collect
35 a refund value on an empty beverage container when the

1 distributor has paid the refund value on the container to a
2 participating dealer, redemption center, mobile redemption
3 system, or consumer is guilty of a fraudulent practice.

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

6 a. Collects or attempts to collect the refund value on the
7 container a second time, with the knowledge that the refund
8 value has once been paid by the distributor to a participating
9 dealer, redemption center, mobile redemption system, or
10 consumer.

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

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

19 Sec. 10. Section 455C.12, Code 2022, is amended by adding
20 the following new subsection:

21 NEW SUBSECTION. 6. A person who violates any provision of
22 this chapter, or any rule, permit, or order adopted or issued
23 under this chapter, shall be subject to a civil penalty not
24 to exceed two thousand five hundred dollars for each day of
25 the violation. The department shall adopt rules establishing
26 a schedule of civil penalties based on the severity of the
27 violation. Any civil penalty collected under this chapter
28 shall be deposited in the bottle bill fund established in
29 section 455C.12C.

30 Sec. 11. NEW SECTION. **455C.12A Administrative enforcement**
31 **— compliance orders.**

32 1. The director may issue any order necessary to secure
33 compliance with or prevent a violation of the provisions of
34 this chapter or any rule adopted or permit or order issued
35 pursuant to this chapter. Any order issued pursuant to this

1 section may impose a civil penalty authorized pursuant to
2 section 455C.12, subsection 6, for a violation of the order,
3 to be collected administratively by the department. The
4 person to whom the compliance order is issued may cause to be
5 commenced a contested case within the meaning of chapter 17A by
6 filing within thirty days a notice of appeal to the director.
7 Following a contested case hearing and a proposed decision
8 issued by the department, the commission may affirm, modify, or
9 vacate the proposed decision.

10 2. If a person continues an alleged violation during the
11 appeals process and the commission affirms that the person has
12 committed a violation, the department may assess penalties for
13 each day the violation continued through the appeals process.

14 Sec. 12. NEW SECTION. **455C.12B Civil actions for compliance**
15 **— penalties.**

16 1. The attorney general shall institute any legal
17 proceedings necessary to obtain compliance with the provisions
18 of this chapter, including any rule, permit, or compliance
19 order issued pursuant to this chapter, relating to the
20 redemption of beverage containers, including provisions
21 relating to the redemption of nonrefillable metal beverage
22 containers, and the duties and obligations of redemption
23 centers and mobile redemption systems.

24 2. Notwithstanding section 455C.12, subsection 6, any
25 person who violates a provision of this chapter, including
26 a rule, permit, or compliance order issued pursuant to
27 this chapter, relating to the redemption of beverage
28 containers, including provisions relating to the redemption
29 of nonrefillable metal beverage containers, or the duties
30 and obligations of redemption centers or mobile redemption
31 systems, as determined pursuant to a legal proceeding under
32 this section, shall be subject to a civil penalty not to
33 exceed ten thousand dollars for each day of such violation.
34 Moneys collected from civil penalties under this section shall
35 be deposited in the bottle bill fund established in section

1 455C.12C.

2 Sec. 13. NEW SECTION. **455C.12C Bottle bill fund.**

3 A bottle bill fund is established in the state treasury
4 under the control of the department. The fund shall consist
5 of moneys deposited in the fund pursuant to section 455C.12,
6 subsection 6, or section 455C.12B, subsection 2, and any other
7 moneys appropriated to or deposited in the fund. Moneys in
8 the fund are appropriated to the department for purposes of
9 administering and enforcing this chapter, including reimbursing
10 the attorney general for costs incurred by the attorney general
11 in enforcing this chapter. Notwithstanding section 8.33,
12 moneys in the fund that remain unencumbered or unobligated
13 at the close of a fiscal year shall not revert but shall
14 remain available for expenditure for the purposes designated.
15 Notwithstanding section 12C.7, subsection 2, interest or
16 earnings on moneys in the fund shall be credited to the fund.

17 Sec. 14. Section 455C.13, Code 2022, is amended to read as
18 follows:

19 **455C.13 Distributors' agreements authorized.**

20 1. A distributor, dealer, or person operating a redemption
21 center or mobile redemption system may enter into a contract or
22 agreement with any other distributor, manufacturer, or person
23 for the purpose of collecting or paying the refund value on, or
24 disposing of, beverage containers as provided in [this chapter](#).

25 2. For purposes of this chapter, any contracts entered into
26 pursuant to this section for the collection or disposal of
27 empty beverage containers shall not be deemed to interfere with
28 the refund value pursuant to section 455C.2.

29 Sec. 15. Section 455C.14, subsection 1, Code 2022, is
30 amended to read as follows:

31 1. If the refund value indication required under section
32 455C.5 on an empty nonrefillable metal beverage container
33 is readable but the redemption of the container is lawfully
34 refused by a dealer or person operating a redemption center
35 or mobile redemption system under other sections of this

1 chapter or rules adopted pursuant to these sections, the
2 container shall be accepted and the refund value paid to a
3 consumer as provided in [this section](#). Each beer distributor
4 selling nonrefillable metal beverage containers in this
5 state shall provide individually or collectively by contract
6 or agreement with a dealer, person operating a redemption
7 center or mobile redemption system, or another person, at
8 least one facility in the county seat of each county where
9 refused empty nonrefillable metal beverage containers having a
10 readable refund value indication as required by [this chapter](#)
11 are accepted and redeemed. In cities having a population of
12 twenty-five thousand or more, the number of the facilities
13 provided shall be one for each twenty-five thousand population
14 or a fractional part of that population. Such facility may be
15 a mobile redemption system.

16 Sec. 16. Section 455C.16, Code 2022, is amended to read as
17 follows:

18 **455C.16 Beverage containers — disposal at sanitary landfill**
19 **prohibited.**

20 ~~Beginning July 1, 1990, the~~ The final disposal of beverage
21 containers ~~by a dealer, distributor, or manufacturer, or~~
22 ~~person operating a redemption center, in a sanitary landfill,~~
23 ~~is prohibited.~~ Beginning September 1, 1992, including the
24 final disposal of beverage containers that used to contain
25 alcoholic liquor as defined in [section 123.3, subsection 5](#), by
26 a participating dealer, distributor, ~~or~~ manufacturer, or person
27 operating a redemption center or mobile redemption system in a
28 sanitary landfill, is prohibited.

29 Sec. 17. LEGISLATIVE FISCAL COMMITTEE REVIEW.

30 1. The legislative fiscal committee established in
31 section 2.45 shall hold a meeting during the legislative
32 interim immediately preceding the 2025 regular legislative
33 session. During the meeting, the committee shall review the
34 enforcement of chapter 455C by the department of natural
35 resources, including the collection of civil penalties, the

1 report submitted by the attorney general pursuant to subsection
2 2, whether and how many redemption centers, participating
3 dealers, and mobile redemption systems have filed a written
4 notice of operation with the department, and the adequacy of
5 the reimbursement amount under section 455C.2, subsections 2
6 and 3. The committee shall submit a report of its findings and
7 recommendations to the general assembly no later than January
8 31, 2025.

9 2. The attorney general shall submit a report to the
10 general assembly prior to the legislative fiscal committee's
11 meeting under subsection 1. The report shall detail any legal
12 proceedings arising under chapter 455C since the effective date
13 of section 455C.12B, as enacted in this Act.

14 Sec. 18. REPEAL. Sections 455C.7 and 455C.10, Code 2022,
15 are repealed.

16 Sec. 19. EFFECTIVE DATE. The section of this Act enacting
17 section 455C.12B takes effect January 1, 2023.

18 EXPLANATION

19 The inclusion of this explanation does not constitute agreement with
20 the explanation's substance by the members of the general assembly.

21 This bill relates to the beverage containers control law,
22 also known as the bottle bill.

23 Current law limits beverage containers subject to beverage
24 containers control deposit and refund provisions to any sealed
25 glass, plastic, or metal bottle, can, jar, or carton holding
26 wine, alcoholic liquor, beer, mineral water, soda water, and
27 carbonated soft drinks. When a distributor sells beverages
28 in eligible containers to a dealer, the distributor adds
29 5 cents per eligible container to the sale price. When a
30 dealer sells beverages in eligible containers to a consumer,
31 the dealer adds the 5-cent deposit to the sale price of each
32 beverage container. A consumer can take eligible beverage
33 containers to a dealer, dealer agent, or redemption center and
34 receive a 5-cent refund for every eligible beverage container
35 that the consumer returns. A distributor collects eligible

1 containers from a dealer, dealer agent, or redemption center,
2 at which time the distributor pays the dealer, dealer agent,
3 or redemption center 5 cents per eligible container plus a
4 handling fee of an additional 1 cent per eligible container.

5 The bill adds high alcoholic content beer and canned
6 cocktails to the definition of "beverage". The bill defines
7 the terms "mobile redemption system" and "participating
8 dealer".

9 The bill requires a dealer to pay a .5-cent handling fee
10 to a distributor upon delivery of beverages prior to July 1,
11 2027, and increases the handling fee that a participating
12 dealer, dealer agent, or redemption center will collect from
13 a distributor from 1 cent to 2 cents for each nonalcoholic
14 beverage container accepted. A distributor shall pay a
15 handling fee of 1.5 cents for each beverage container accepted
16 that contained beer or high-alcoholic content beer, but may
17 claim a refund of the barrel tax in the amount of .5 cents for
18 each such container accepted.

19 The bill requires a participating dealer to accept and pay
20 the refund value of any empty beverage container, except as
21 currently provided by law. The bill requires a participating
22 dealer or a redemption center to immediately return the refund
23 value to a consumer upon the return and acceptance of an empty
24 beverage container for which the refund value has been paid.
25 However, a mobile redemption system must return the refund
26 value to a consumer within a reasonable time not to exceed 10
27 days. A dealer can choose to not be a participating dealer if
28 the dealer meets certain requirements provided in the bill.
29 The bill requires the department of natural resources (DNR) to
30 make available to the public an electronic method of locating
31 redemption centers and mobile redemption systems.

32 The bill requires the registration of the universal product
33 code for each beverage container in a format determined by DNR.

34 The bill requires a redemption center or mobile redemption
35 system to file a notice with DNR but does not require DNR's

1 approval to operate a redemption center or mobile redemption
2 system. The bill also provides that a participating dealer may
3 act as a redemption center for purposes of Code chapter 455C.
4 The bill removes provisions of Code chapter 455C that relate
5 to DNR's authority to approve redemption centers. The bill
6 also allows a dealer or person operating a redemption center or
7 mobile redemption system to enter into contracts or agreements
8 for the collection or disposal of beverage containers.

9 The bill authorizes DNR to establish a civil penalty of
10 \$2,500 for a violation of any provision of Code chapter 455C,
11 except for a violation determined through a civil action of
12 the attorney general. The bill allows DNR to issue compliance
13 orders that, on and after January 1, 2023, may be enforced
14 by the attorney general. A violation determined through a
15 civil action of the attorney general is subject to a civil
16 penalty of not more than \$10,000 per day per violation. Civil
17 penalties collected shall be deposited into the bottle bill
18 fund established in the bill and are appropriated to DNR for
19 purposes of administering and enforcing Code chapter 455C,
20 including reimbursement to the attorney general.

21 The bill makes numerous changes throughout Code chapter 455C
22 to change instances of "dealer" to "participating dealer",
23 include mobile redemption systems with regulations affecting
24 redemption centers, remove obsolete language, and stylistically
25 and grammatically update the Code chapter. The bill also
26 requires the legislative fiscal committee to hold a meeting
27 during the legislative interim immediately preceding the 2025
28 regular legislative session to review the enforcement and
29 operation of Code chapter 455C, and requires the legislative
30 fiscal committee and attorney general to submit reports to the
31 general assembly.