

H.175

An act relating to the beverage container redemption system

The Senate proposes to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 10 V.S.A. chapter 53 is amended to read:

CHAPTER 53. BEVERAGE CONTAINERS; DEPOSIT-REDEMPTION
SYSTEM

§ 1521. DEFINITIONS

~~For the purpose of~~ As used in this chapter:

(1)(A) “Beverage” means ~~beer or other malt beverages and mineral waters, mixed wine drink, soda water and carbonated soft~~ all drinks in liquid form and intended for human consumption, except for milk, dairy products, plant-based beverages, infant formula, meal replacement drinks, or nonalcoholic cider.

(B) As of January 1, 1990, “beverage” also ~~shall mean~~ means liquor.

(C) Notwithstanding subdivision (A) of this subdivision (1), “beverage” does not include vinous beverages until January 1, 2026.

(2) “Biodegradable material” means material that is capable of being broken down by bacteria into basic elements.

(3) “Container” means the individual, separate, bottle, can, or jar, ~~or carton~~ composed of glass, metal, ~~paper,~~ plastic, or any combination of those

materials and containing a ~~consumer product~~ beverage. This definition ~~shall~~ does not include:

(A) containers made of biodegradable material;

(B) noncarbonated beverage containers with a volume greater than two and one-half liters and carbonated beverage containers with a volume greater than three liters; or

(C) pouches.

(4) “Distributor” means every person who engages in the sale of consumer products in containers to a dealer in this State including any manufacturer who engages in such sales. Any dealer or retailer who sells, at the retail level, beverages in containers without having purchased them from a person otherwise classified as a distributor, ~~shall be~~ is a distributor.

(5) “Manufacturer” means every person bottling, canning, packing, or otherwise filling containers for sale to distributors or dealers.

(6) “Recycling” means the process of sorting, cleansing, treating, and reconstituting waste and other discarded materials for the purpose of reusing the materials in the same or altered form.

(7) “Redemption center” means a store or other location where any person may, during normal business hours, redeem the amount of the deposit for any empty beverage container labeled or certified pursuant to section 1524 of this title.

(8) “Secretary” means the Secretary of Natural Resources.

(9) “Mixed wine drink” means a beverage containing wine and more than 15 percent added plain, carbonated, or sparkling water; and that contains added natural or artificial blended material, such as fruit juices, flavors, flavoring, adjuncts, coloring, or preservatives; that contains not more than 16 percent alcohol by volume; or other similar product marketed as a wine cooler.

(10) “Liquor” means spirits as defined in 7 V.S.A. § 2.

(11) “Plant-based beverage” means a liquid intended for human consumption that imitates dairy milk, consists of plant material suspended in water, and the primary protein source in the beverage is from plant material or a derivative of plant materials. Plant-based beverages include beverages made from rice, soy, nuts, oats, and hemp.

(12) “Cider” means a beverage, made a majority from the fermented natural sugar content of apples or pears, that contains an alcoholic content of not less than one percent or more than 16 percent by volume at 60 degrees Fahrenheit. “Cider” includes sweetened, flavored, and carbonated cider.

(13) “Vinous beverages” means all fermented beverages of any name or description manufactured or obtained for sale from the natural sugar content of fruits or other agricultural product, containing sugar, the total alcoholic content of which is not less than one percent nor more than 16 percent by volume at 60

degrees Fahrenheit. As used in this section, “vinous beverages” does not mean cider.

§ 1522. BEVERAGE CONTAINERS; DEPOSIT

(a) Except with respect to beverage containers that contain liquor, a deposit of not less than five cents shall be paid by the consumer on each beverage container sold at the retail level and refunded to the consumer upon return of the empty beverage container. With respect to beverage containers of volume greater than 50 ml. that contain liquor, a deposit of 15 cents shall be paid by the consumer on each beverage container sold at the retail level and refunded to the consumer upon return of the empty beverage container. The difference between liquor bottle deposits collected and refunds made is hereby retained by the Liquor Control Enterprise Fund for administration of this subsection.

(b) A retailer or a person operating a redemption center who redeems beverage containers shall be reimbursed by the manufacturer or distributor of such beverage containers in an amount that is three and one-half cents per container for containers of beverage brands that are part of a commingling program and ~~four~~ five cents per container for containers of beverage brands that are not part of a commingling program.

(c) [Repealed.]

(d) Containers shall be redeemed during no fewer than 40 hours per week during the regular operating hours of the establishment.

§ 1522a. RULES

~~The Secretary may adopt rules, in accordance with 3 V.S.A. chapter 25, necessary for the administration of this chapter. These rules may include the following:~~

~~(1) Provisions to ensure that beverage containers not labeled in accordance with section 1524 of this title are not redeemed.~~

~~(2) Provisions to ensure that beverage containers are commingled.~~

~~(3) Administrative penalties for the failure by a redemption center or retailer to remove beverage containers that are not labeled prior to pickup by a distributor or manufacturer. Penalties may include nonpayment of the deposit and handling fee established under section 1522 of this title for a reasonable period of time and for the number of beverage containers that were not labeled.~~

~~(4) Any other provision that may be necessary for the implementation of this chapter. [Repealed.]~~

§ 1523. ACCEPTANCE OF BEVERAGE CONTAINERS

(a) Except as provided in section 1522 of this title:

(1) A retailer shall not refuse to accept from any person any empty beverage containers, labeled in accordance with section 1524 of this title, of the kind, size, and brand sold by the retailer, or refuse to pay to that person the refund value of a beverage container as established by section 1522 of this title, except as provided in subsection (b) of this section.

(2) A manufacturer or distributor may not refuse to pick up from a retailer that sells its product or a person operating a certified redemption center any empty beverage containers, labeled in accordance with section 1524 of this title, of the kind, size, and brand sold by the manufacturer or distributor, or refuse to pay the retailer or a person operating a redemption center the refund value of a beverage container as established by section 1522 of this title.

(b) A retailer, ~~with the prior approval of the Secretary,~~ may refuse to redeem beverage containers if a ~~redemption center or centers are established that serve the public need~~ stewardship plan that meets the requirements of section 1532 of this title has been implemented by a producer responsibility organization in the State and the retailer's building is less than 5,000 square feet.

(c) A retailer or a person operating a redemption center may refuse to redeem beverage containers that are not clean; or are broken; and shall not redeem beverage containers that are not labeled in accordance with section 1524 of this title.

§ 1524. LABELING

(a) Every beverage container sold or offered for sale at retail in this State shall clearly indicate by embossing or imprinting on the normal product label, ~~or in the case of a metal beverage container on the top of the container,~~ other approved method secured to the container the word "Vermont" or the letters

“VT” ~~and the refund value of the container~~ in not less than one-eighth inch type size or such other alternate indications as may be approved by the Secretary. The label shall be on the top lid of the beverage container, the side of the beverage container, or in a clearly visible location of the beverage container. This subsection does not prohibit including names or abbreviations of other states with deposit legislation comparable to this chapter.

(b) Each beverage container sold or offered for sale in the State that has a deposit pursuant to section 1522 of this title shall include a Universal Product Code and barcode. Each distributor shall provide the Universal Product Code and barcode as part of its beverage registration or within 60 days of March 1, 2024, whichever occurs first.

(c) The Commissioner of Liquor and Lottery may allow, in the case of liquor bottles, a conspicuous, adhesive sticker to be attached to indicate the deposit information required in subsection (a) of this section, provided that the size, placement, and adhesive qualities of the sticker are as approved by the Commissioner. The stickers shall be affixed to the bottles by the manufacturer, except that liquor that is sold in the State in quantities less than 100 cases per year may have stickers affixed by personnel employed by the Division of Liquor Control.

~~(e)~~(d) This section shall not apply to permanently labeled beverage containers.

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§ 1527. ~~PENALTY~~

~~A person who violates a provision of this chapter shall be fined not more than \$1,000.00 for each violation. [Repealed.]~~

§ 1528. BEVERAGE REGISTRATION

No distributor or manufacturer shall sell a beverage container in the State of Vermont without ~~the manufacturer registering the beverage container with the Agency of Natural Resources prior to sale, registering 30 days in advance of initiating sale of the beverage container and participating in a stewardship plan approved by the Secretary~~ unless distributed by the Department of Liquor and Lottery. ~~This registration shall take place on a form provided by the Secretary and include the following:~~

- ~~(1) the name and principal business address of the manufacturer;~~
- ~~(2) the name of the beverage and the container size;~~
- ~~(3) whether the beverage is a part of an approved commingling~~

~~agreement; and~~

~~(4) the name of the person picking up the empty beverage container, if that person is different from the manufacturer.~~

§ 1529. REDEMPTION CENTER CERTIFICATION

A person operating a redemption center may obtain a certification from the Secretary. A redemption center certification shall include the following:

- (1) Specification of the name and location of the facility;
- (2) ~~If the certified redemption center redeems more than 250,000 containers per year, a requirement that the certified redemption center shall participate in an approved commingling agreement; and~~
- (3) Additional conditions, requirements, and restrictions as the Secretary may deem necessary to implement the requirements of this chapter. This may include requirements concerning reporting, recording, and inspections of the operation of the site.

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§ 1531. MANUFACTURER PARTICIPATION IN PRODUCER
RESPONSIBILITY ORGANIZATION

(a) No manufacturer or distributor may sell or distribute a beverage container in this State without participating in a Secretary-approved producer responsibility organization.

(b) On or before January 1, 2023, a manufacturer or manufacturers representing at least 51 percent of the beverage containers sold or distributed within the State may apply to the Secretary to form a producer responsibility organization.

(c) The Secretary may approve, for a period not longer than 10 years, a producer responsibility organization, provided that:

(1) the producer responsibility organization has the capacity to administer the requirements of a stewardship plan required by section 1532 of this title; and

(2) the producer responsibility organization does not create any unreasonable barriers to joining the producer responsibility organization and shall take into the consideration the needs of small manufacturers that do not generate a significant volume of containers.

(d) After approval, a producer responsibility organization shall maintain a website that identifies:

(1) the name and principal business address of each manufacturer participating in the producer responsibility organization; and

(2) the name of each beverage and the container size covered by the stewardship plan.

(e) If a producer responsibility organization fails to implement the requirements of this chapter, the rules adopted by the Secretary, or an approved stewardship plan, the Secretary may dissolve the producer responsibility organization.

(f) If no producer responsibility organization is formed, the Secretary may require the formation of a producer responsibility organization or adopt and administer a plan that meets the requirements of section 1532 of this title. If the Secretary administers the plan adopted under section 1532, the Secretary

shall charge each manufacturer the costs of plan administration, the Agency's oversight costs, and a recycling market development assessment of 10 percent of the plan's total cost to be deposited Waste Management Assistance Fund, Solid Waste Account for the purpose of providing grants to develop markets to recycle materials.

(g) The producer responsibility organization shall reimburse the Agency of Natural Resources for all oversight costs in administering this chapter.

§ 1532. STEWARDSHIP PLAN; MINIMUM REQUIREMENTS

(a) Plan elements. On or before October 1, 2023, an approved producer responsibility organization shall submit a stewardship plan to the Secretary. A stewardship plan shall, at a minimum, meet all of the following the requirements of this section:

(1) Convenience of collection. A plan shall ensure that consumers have convenient opportunities to redeem beverage containers. The plan shall take reasonable efforts to site points of collection in areas with high population density or located in centers designated under 24 V.S.A. chapter 76A. A plan shall document how redemption services will be available to consumers as follows:

(A) at least three points of redemption per county that provide an immediate return of a deposit to a consumer unless a waiver is granted by the Secretary;

(B) at least one point of redemption per municipality with a population of 7,000 or more persons that provides an immediate return of a deposit to a consumer unless a waiver is granted by the Secretary; and

(C) statewide coverage of points of redemption so that consumers are not required to drive more than 15 minutes unless a waiver is granted by the Secretary.

(2) Fair operation and compensation to redemption centers. The plan shall satisfy all of the following requirements.

(A) The plan shall describe how all locations that redeem beverage containers are fairly compensated for their participation in the collection program.

(B) There shall not be barriers to the participation in the collection program for a redemption center, except for restrictions that are authorized by the Secretary, by rule.

(C) The plan shall describe how management and sorting of containers at redemption centers is minimized. The plan shall document how brand sorting will be eliminated at points of redemption.

(D) The plan shall describe how materials will be picked up from redemption centers on a timely basis.

(E) The plan shall maximize the use of existing infrastructure when establishing points of collection under subdivision (a)(1) of this section.

(3) Impacts to municipal recycling. The plan shall propose a protocol for documenting the amount of Bottle Bill materials that are processed and marketed by solid waste management entities, including at materials recovery facilities, and shall propose a compensation formula for glass-, plastic-, and aluminum-covered beverage containers that are made usable as recycled commodities.

(4) Education to consumers. The plan shall describe what education efforts will be undertaken to increase the number of beverage containers redeemed in the State.

(5) Consultation with stakeholders. The producer responsibility organization shall consult with stakeholders on the development of the plan. The plan shall include processes for regular consultation, which shall be not less than annually, with stakeholders including the Agency, redemption centers, municipal and private recycling organizations, and other stakeholders.

(b) Reporting. At a frequency required by the Secretary but not less than annually, the producer responsibility organization shall report the following to the Secretary:

(1) the name, address, and business hours of each redemption center participating in the approved stewardship plan;

(2) the amount, in containers and tons, and material type of beverage containers redeemed under the plan;

(3) the location and amount of beverage container material that was recycled and what products that beverage container material was recycled into;

(4) the carbon impacts associated with the administration of the stewardship plan;

(5) the costs associated with administration of the stewardship plan, including the costs of collection, management, and transportation of redeemed containers and the amount received for commodities;

(6) a description of any improvements made in the reporting year to increase ease and convenience for consumers to return beverage containers for redemption;

(7) efforts taken by or on behalf of the distributor to reduce environmental impacts throughout the product life cycle and to increase reusability or recyclability at the end of the life cycle by material type;

(8) efforts taken by or on behalf of the producer responsibility organization to improve the environmental outcomes of the program by improving operational efficiency, such as reduction of truck trips through improved material handling or compaction or the increased use of refillable containers in a local refilling system;

(9) a description and copies of educational materials and educational strategies the producer uses for the purposes of this program; and

(10) any additional information required by the Secretary.

(c) Secretary of Natural Resources approval. The plan shall be submitted to the Secretary, and after concluding that the elements of the plan will maximize diversion of recyclable materials, provide convenience to users, and create a more circular economy, the Secretary's approval pursuant to this subsection shall be for a period not greater than five years.

§ 1533. PROGRAM AND FISCAL AUDIT

(a) Program audit. Every five years, the producer responsibility organization shall conduct an independent third-party program audit of the operation of the stewardship plan. The audit shall make recommendations to improve the operation of the collection program established by this chapter.

(b) Fiscal audit. Annually, the producer responsibility organization shall conduct an independent third-party fiscal audit of the program. The fiscal audit shall provide a transparent fiscal analysis of the producer responsibility organization, its expenditures, the number of beverage containers collected, and the amount of unclaimed deposits. The audit shall also provide the redemption rate of beverage containers redeemed in the State after approval by the Secretary.

§ 1534. BEVERAGE CONTAINER REDEMPTION RATE GOAL;

REPORT

(a) It is a goal of the State that the following minimum beverage container redemption rates shall be satisfied by the specified dates:

(1) Beginning on July 1, 2025: 75 percent.

(2) Beginning on July 1, 2030: 80 percent.

(3) Beginning on July 1, 2035: 85 percent.

(4) Beginning on July 1, 2050: 90 percent.

(b) Beginning July 1, 2025 and every five years thereafter, the Secretary of Natural Resources shall submit to the Senate Committees on Natural Resources and Energy and on Finance and the House Committees on Natural Resources, Fish, and Wildlife and on Ways and Means a written report containing:

(1) the current beverage container redemption rate in the State; and

(2) a recommendation of whether the beverage container deposit should be increased to improve redemption of beverage containers.

§ 1535. RULEMAKING

The Secretary may adopt rules, in accordance with 3 V.S.A. chapter 25, necessary for the administration of this chapter.

Sec. 2. 10 V.S.A. § 1530(c)(1) is amended to read:

(c)(1) ~~On or before January 1, 2020, and quarterly thereafter,~~ Every quarter, at the time a report is filed pursuant to subsection (d) of this section, each deposit initiator shall remit to the Commissioner of Taxes ~~any~~ 50 percent of the abandoned beverage container deposits from the preceding quarter. The remaining 50 percent of the abandoned beverage container deposits shall be

retained by the producer responsibility organization implementing the requirements of this chapter for the deposit initiator. The amount of abandoned beverage container deposits for a quarter is the amount equal to the amount of deposits that the deposit initiator collected in the quarter less the amount of the total refund value paid out by the deposit initiator for beverage containers during the quarter.

Sec. 3. 10 V.S.A. § 1530(c)(1) is amended to read:

(c)(1) Every quarter, at the time a report is filed pursuant to subsection (d) of this section, each deposit initiator shall remit to the Commissioner of Taxes ~~50 percent of the~~ any abandoned beverage container deposits from the preceding quarter. ~~The remaining 50 percent of the abandoned beverage container deposits shall be retained by the producer responsibility organization implementing the requirements of this chapter for the deposit initiator.~~ The amount of abandoned beverage container deposits for a quarter is the amount equal to the amount of deposits that the deposit initiator collected in the quarter less the amount of the total refund value paid out by the deposit initiator for beverage containers during the quarter.

Sec. 4. 10 V.S.A. § 7714 is amended to read:

§ 7714. TYPE 3 PROCEDURES

(a) Purpose; scope.

(1) The purpose of this section is to establish the public notice and comment requirements that the Department must follow when adopting general permits, except for general permits governed by section 7712 of this chapter, and when considering other permits listed in this section.

(2) The procedures under this section shall be known as Type 3 Procedures. This section governs each of the following:

(A) Each general permit issued pursuant to the Secretary's authority under this title other than a general permit subject to section 7712 of this chapter. However, this section does not apply to a notice of intent under a general permit.

(B) Issuance of a dam safety order under chapter 43 of this title, except for an unsafe dam order under section 1095 of this title.

(C) An application or request for approval of:

(i) an aquatic nuisance control permit under chapter 50 of this title;

(ii) a change in treatment for a public water supply under chapter 56 of this title;

(iii) a collection plan for mercury-containing lamps under section 7156 of this title;

(iv) an individual plan for the collection and recycling of electronic waste under section 7554 of this title; ~~and~~

(v) a primary battery stewardship plan under section 7586 of this title; and

(vi) approval of a stewardship plan required under chapter 53 of this title.

(b) Notice of application. The Secretary shall provide notice of an administratively complete application through the environmental notice bulletin.

(c) Notice of draft decision; comment period. The Secretary shall provide notice of the draft decision through the environmental notice bulletin and shall post the draft decision to the bulletin. The Secretary shall provide a public comment period.

(d) Public meeting. The Secretary shall hold a public meeting whenever any person files a written request for such a meeting. The Secretary otherwise may hold a public meeting at ~~his or her~~ the Secretary's discretion.

(e) Notice of final decision. The Secretary shall provide notice of the final decision through the environmental notice bulletin and shall post the final decision to the bulletin. The Secretary shall provide a response to comments.

Sec. 5. 10 V.S.A. § 1388 is amended to read:

§ 1388. CLEAN WATER FUND

(a) There is created a special fund to be known as the Clean Water Fund to be administered by the Secretary of Administration. The Fund shall consist of:

(1) revenues from the Property Transfer Tax surcharge established under 32 V.S.A. § 9602a;

(2) other gifts, donations, and impact fees received from any source, public or private, dedicated for deposit into the Fund and approved by the Secretary of Administration;

(3) 50 percent of the unclaimed beverage container deposits (escheats) remitted to the State under chapter 53 of this title;

(4) six percent of the revenues from the meals and rooms taxes imposed under 32 V.S.A. chapter 225; and

(5) other revenues dedicated for deposit into the Fund by the General Assembly.

(b) Notwithstanding any contrary provisions of 32 V.S.A. chapter 7, subchapter 5, unexpended balances and any earnings shall remain in the Fund from year to year.

Sec. 6. 10 V.S.A. § 6618(a) is amended to read:

(a) There is hereby created in the State Treasury a fund to be known as the Waste Management Assistance Fund, to be expended by the Secretary of Natural Resources. The Fund shall have three accounts: one for Solid Waste Management Assistance, one for Hazardous Waste Management Assistance, and one for Electronic Waste Collection and Recycling Assistance. The Hazardous Waste Management Assistance Account shall consist of a

percentage of the tax on hazardous waste under the provisions of 32 V.S.A. chapter 237, as established by the Secretary, the toxics use reduction fees under subsection 6628(j) of this title, and appropriations of the General Assembly. In no event shall the amount of the hazardous waste tax that is deposited to the Hazardous Waste Management Assistance Account exceed 40 percent of the annual tax receipts. The Solid Waste Management Assistance Account shall consist of the franchise tax on waste facilities assessed under the provisions of 32 V.S.A. chapter 151, subchapter 13; 50 percent of the unclaimed beverage container deposits remitted to the State under chapter 53 of this title, and appropriations of the General Assembly. The Electronic Waste Collection and Recycling Account shall consist of the program and implementation fees required under section 7553 of this title. All balances in the Fund accounts at the end of any fiscal year shall be carried forward and remain a part of the Fund accounts, except as provided in subsection (e) of this section. Interest earned by the Fund shall be deposited into the appropriate Fund account. Disbursements from the Fund accounts shall be made by the State Treasurer on warrants drawn by the Commissioner of Finance and Management.

Sec. 7. SYSTEMS ANALYSIS OF BEVERAGE CONTAINER SYSTEM

On or before January 15, 2028, the Agency of Natural Resources shall submit to the House Committee on Natural Resources, Fish, and Wildlife and

the Senate Committee on Natural Resources and Energy a written report on the total system costs associated with the implementation of the beverage container redemption system under 10 V.S.A. chapter 53, including climate impacts.

Sec. 8. BEVERAGE CONTAINER SCOPE AND IMPLEMENTATION
STUDY

(a) On or before January 15, 2023, the Secretary of Natural Resources shall submit to the House Committee on Natural Resources, Fish, and Wildlife and the Senate Committee on Natural Resources and Energy a written report including all of the following:

(1) a recommendation on whether minimum and maximum size limits on containers should be included as part of the beverage container deposit redemption system in 10 V.S.A. chapter 53;

(2) a recommended beverage container deposit amount for glass wine bottles;

(3) a summary of the logistical and financial impacts of wine bottles on the operation of the beverage container deposit-redemption system and municipal recycling infrastructure; and

(4) recommended strategies to aid in the development of markets for the use of recycled glass.

(b) The Secretary of Natural Resources shall convene a stakeholder process or processes when developing recommendations required by subsection (a) of this section. The process shall include all current stakeholders in the bottle redemption system as well as the nonbottle redemption system.

Sec. 9. EFFECTIVE DATES

This act shall take effect July 1, 2022, except that:

(1) In Sec. 1, 10 V.S.A. § 1521(1) (expansion of the definition of beverage types) shall take effect on January 1, 2025;

(2) In Sec. 1, 10 V.S.A. § 1523 (requiring product registration to take place with the producer responsibility organization) shall take effect on March 1, 2024;

(3) In Sec. 1, 10 V.S.A. § 1524(b) (requiring a UPC label on containers) shall take effect on March 1, 2024;

(4) In Sec. 1, 10 V.S.A. § 1531(a) (prohibiting the sale or distribution without participating in a producer responsibility organization) shall take effect on March 1, 2024;

(5) Sec. 2 (remittance of abandoned beverage container deposits) shall take effect on January 1, 2025.

(6) Sec. 3. (repeal of remittance of beverage container deposit) shall take effect on July 1, 2030.

(7) Sec. 5 (changing the amount of funds deposited in the Clean Water Fund) shall take effect on July 1, 2030; and

(8) Sec. 6 (Waste Management Assistance Fund) shall take effect on July 1, 2030.