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Joint Fiscal Office

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Fiscal Note

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H.915 – An act relating to establishing an extended producer responsibility program for beverage containers

As recommended by the Senate Committee on Natural Resources and Energy¹ⁱ

Bill Summary

This bill would create a producer responsibility organization (PRO) for certain beverage containers by January 1, 2027. Beverage initiators, which are primarily manufacturers and distributors, would be required to participate in the PRO to sell beverages in the State. If manufacturers do not establish the producer responsibility program, the program would be administered by the Agency of Natural Resources (ANR), which would be able to charge each manufacturer for Agency costs, plus a 25% recycling market development assessment.

This bill would create a provider responsibility organization and provide grants for beverage container redemption infrastructure.

The PRO would submit a stewardship plan to ANR by April 1, 2028. The plan would require at least three points of redemption per county and one per each municipality with 7,000 residents or more unless a waiver is obtained. It would also outline access to points of redemption in areas of high population density. Additional requirements for fair operation and compensation of points of redemption and collection location standards would also be included in the stewardship plan. Stewardship plans would be implemented nine months after approval by ANR and be valid for up to 5 years. The first plan would be implemented in 2029.

In fiscal years 2030-2033, a total of up to \$3.5 million from the Solid Waste Assistance Account of the Waste Management Assistance Fund would be available for grants to the PRO for infrastructure improvements identified in its stewardship plan. These grants would be funded by transfers from the Clean Water Fund, which receives revenue from unclaimed non-liquor bottle deposits (or escheats) and other sources, to the Waste Management Assistance Fund.

The Department of Liquor and Lottery (DLL) currently manages liquor bottles sold at 802Spirits locations and retains unclaimed liquor bottle deposits. The bill would increase the handling fee paid by DLL to points of redemption from 3.5 to 4.5 cents per container.

¹ *The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.*

Fiscal Impact

This fiscal impact of the bill comes from a few sources. First, the bill would permit the Secretary of Administration to transfer money from the Clean Water Fund to the Solid Waste Management Assistance Account of the Waste Management Assistance Fund in fiscal years 2030-2033.

- Up to \$1,000,000 could be transferred in fiscal years 2030 and 2031, respectively.
- Up to \$750,000 could be transferred in fiscal years 2032 and 2033, respectively.

In total, up to \$3.5 million could be transferred across the four fiscal years from the Clean Water Fund to the Solid Waste Management Assistance Account of the Waste Management Assistance Fund for the purposes of making grants to the PRO for the cost of improvements to equipment and infrastructure. These transfers would reduce the amount of money available for various clean water projects during those years.

Second, increased convenience in the newly created system could result in greater redemption of covered containers. Any increase in container redemption would reduce the amount of unclaimed bottle deposits that currently are allocated to the Clean Water Fund or retained by the Department of Liquor and Lottery. However, behavioral change resulting from greater convenience of points of redemption is challenging to quantify, and proposed goals for container redemption are roughly in line with current rates of redemption until July 1, 2033, when the goal for redemption increases from 75% to 80%.

There are two different implementation possibilities in the bill, either the formation of a PRO by manufacturers or administration by ANR if the Agency chooses to do so. In the first model, the PRO would create and implement a stewardship plan for covered containers, but the Agency would receive annual compensation from the PRO for its oversight of the program. If ANR administers the program, it would receive compensation from beverage manufacturers for both administration and oversight of the plan, and a recycling market development assessment equal to 25% of the total stewardship plan cost to make grants to improve recycling. ANR costs would be submitted as a part of its annual budget.

DLL would see an increase in costs from a change in the handling fee from 3.5 to 4.5 cents per container. This change would increase costs for DLL by approximately \$35,000 per fiscal year.

In addition, DLL pays a vendor to pick up liquor bottles from points of redemption. The contract with this vendor is long-term, and DLL would not face a decision to renew it soon. However, if the PRO is able to perform these tasks more efficiently, or reduce administrative costs, DLL could see savings.

In addition to the PRO for beverage containers, the bill would amend existing provisions for a PRO for household hazardous waste products. These changes would allow ANR to receive annual reimbursement for its oversight costs from the PRO for household hazardous waste products in a manner similar to reimbursements for its oversight of the beverage containers redemption system described above.

Background and Details

This section provides context about the current system and the Clean Water Fund.

Under current law, beer, wine coolers, other malt beverages, pre-mixed spirits cocktails; carbonated non-alcoholic beverages, including sodas, sparkling waters and juices, and carbonated sports and energy drinks are subject to a 5-cent deposit per container. Liquor containers over 50mL are subject to a deposit of 15 cents per container; the Liquor Control Enterprise Fund retains unclaimed deposits from these containers. When a consumer drops off their container at a point of redemption, the point of redemption pays them the deposit that was initially paid on the container at time of purchase. Points of redemption receive a handling fee from deposit initiators of either 3.5 cents if the container is part of a commingled system or 4 cents if the containers are not part of such a system (the bill would increase this to 5 cents).

Consumers who send beverage containers to the landfill are not claiming the deposits they paid for containers at time of purchase. Unclaimed deposits (escheats) for beverage containers that do not contain liquor are sent to the Clean Water Fund. Unclaimed 15 cent liquor bottle deposits are retained by the Department of Liquor and Lottery and are used to support collection costs and handling fees paid by the Department.

Actual and projected escheat revenue for the Clean Water Fund in fiscal years 2023 – 2027 can be found below.²

Table 1: Actual and Projected Escheat Revenue

Fiscal Year	Revenue
2023 (Actual)	\$3,548,336
2024 (Actual)	\$3,384,163
2025 (Actual)	\$4,356,251
2026 (Projected)	\$3,762,917
2027 (Projected)	\$3,834,443

As shown in Table 2, the Clean Water Fund receives revenue from the 0.22% clean water surcharge of the property transfer tax (PTT), 6% of the meals and rooms tax, and interest income in addition to escheat revenue. Various clean water projects also receive funding from the Capital Bill. In total, the draft fiscal year 2027 Clean Water Budget estimates that the four revenue sources will generate \$31.9 million. The Capital Bill would add an estimated additional \$10 million in funding.³ With one-time funding (largely comprised of pandemic-era funds that have not yet been spent down), the total draft Clean Water Budget for fiscal year 2027 is \$45.2 million. This amount is below the annual goal of \$50 to \$60 million until water quality goals in 10 V.S.A. § 1387 are met.

Table 2: Clean Water Fund Revenue Sources

Source	Estimated Fiscal Year 2027 Revenue (January 2026 Forecast; \$ in millions)
Clean Water Surcharge (PTT)	\$9.22
Interest Income	\$2.00
Unclaimed Bottle Deposits (escheats)	\$3.83
Meals and Rooms Tax (6% of total)	\$16.67
Total	\$31.72

¹ The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.

² <https://legislature.vermont.gov/Documents/2026/Workgroups/House%20Environment/Bills/25-0991/Witness%20Testimony/W~Jared%20Carpenter~Testimony%20on%20Escheats%20and%20the%20Clean%20Water%20Budget~2-10-2026.pdf>

³ <https://dec.vermont.gov/sites/dec/files/2025-12-17Version%20Budget%20Adjustment.pdf>