

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3307-01
Bill No.: HB 2061
Subject: Business and Commerce; Environmental Protection; Natural Resources Dept.
Type: Original
Date: April 1, 2008

Bill Summary: Provides for a five cent deposit on recycled beverage containers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	1	1	1
Total Estimated Net Effect on FTE	1	1	1

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** assume no fiscal impact to their agency.

Officials from the **Secretary of State's Office** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would place a refundable deposit of five cents on any refillable, sealed glass, plastic, or metal bottle, can, jar, or carton containing a beverage sold for off-premise consumption. Dealers must accept and refund the deposit for returned containers of the type, size, and brand that they sell.

If approved by the Department of Natural Resources, any person could establish a redemption center to facilitate the return of empty containers and to serve dealers of beverages. The department must approve a redemption center if it finds the center would provide a convenient service to consumers for the return of empty beverage containers. The department's approval would include the dealers to be served and the kind and brand names of empty beverage containers the redemption center must accept.

The department has the right to review the approval of any redemption center at any time. After written notice, the department could withdraw approval of a redemption center, if the center is found to be out-of-compliance with the department's order approving the center or if the center no longer provides a convenient service.

All approved centers must meet applicable health standards.

ASSUMPTION (continued)

Distributors must pick up returned containers from dealers, or redemption centers, weekly or when deliveries are made if less than weekly, reimburse dealers or redemption center the refund value plus one cent for each returned container. Also a distributor would accept from a dealer agent, any empty beverage container of the allowable kind and is a brand sold by the distributor and picked up by the dealer agent from dealer within the geographic territory served by the distributor. The dealer agent receives the refund value plus 1 cent per eligible container.

Manufacturers may not charge distributors a deposit on non-refillable containers.

After August 28, 2008, dealer, distributor, manufacturer, or person operating a redemption center may not dispose of beverage containers in landfills.

The bill would have an effective date of August 28, 2008. The department would be responsible for promulgating rules to implement these provisions.

The department would be responsible for the approval of redemption centers that could be established to accept the beverage containers on behalf of dealers and for monitoring compliance of those centers. The department would request one (1 FTE) Environmental Specialist (ES) to implement the provisions of this proposal.

This FTE would:

1. Assist with promulgation of rules and regulations for the recycling of containers.
2. Assist in developing the application for any person seeking to operate a redemption center.
3. Review, evaluate, and approve/deny applications as received.
4. Maintain data on the number of redemption centers open/closed, areas served, names and addresses of owners/operators, the kind and brand name of beverage containers accepted, names and addresses of dealers served by the redemption centers, and other information required to be submitted on the application pursuant to the rules and regulations.
5. Monitor, evaluate, and report on the performance and progress of redemption centers.
6. Provide technical assistance and respond to questions from persons seeking to operate redemption centers, the general public, and legislators.

The department assumes that much of the bill requirements could be self implementing and any rules promulgated to carry out the purpose of the bill would be developed as much as possible along those lines.

ASSUMPTION (continued)

The department further assumes the majority of the provisions of the proposed legislation would be enforced by self-policing. Therefore, the department does not anticipate requesting additional staff to carry out compliance type activities associated with this proposal. If the anticipated workload associated with monitoring compliance of the proposed legislation exceeds our expectations, then the department may need to request additional resources.

This proposal does not identify a funding source to implement the provisions. Therefore, for purposes of this fiscal note, the department has reflected the fiscal impact to the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Cost - Department of Natural Resources</u>			
Salaries (1 FTE)	(\$38,546)	(\$47,639)	(\$49,068)
Fringe Benefits	(\$17,044)	(\$21,006)	(\$21,698)
Equipment & Expense	<u>(\$13,056)</u>	<u>(\$6,011)</u>	<u>(\$6,193)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$68,646)</u>	<u>(\$74,656)</u>	<u>(\$76,959)</u>
Estimated Net FTE Change for General Revenue	1	1	1
 <u>FISCAL IMPACT - Local Government</u>	 FY 2009 (10 Mo.)	 FY 2010	 FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Any person applying for redemption center status would have paperwork as a result of the application process.

The economic impact on distributors who are required to pay 1 cent per eligible empty container returned to them by a dealer or dealer agent is unknown.

The proposed legislation could have a negative fiscal impact on current entities recycling metal, plastic, or glass that will be returned to the dealer, dealer agent, or redemption center.

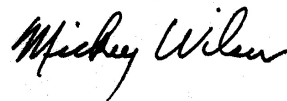
FISCAL DESCRIPTION

The proposed legislation provides for a five cent deposit on recycled beverage containers.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Department of Revenue
Secretary of State's Office



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Director
April 1, 2008