

MAINE STATE LEGISLATURE

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Date: 3/5/18 Report C

L.D. 1703
(Filing No. H-627)

ENVIRONMENT AND NATURAL RESOURCES

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
128TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "B" to H.P. 1183, L.D. 1703, Bill, "An Act To Create Equity for Wine and Spirits Container Deposits"

Amend the bill by inserting after section 1 the following:

Sec. 2. 38 MRSA §3106, sub-§7, as enacted by PL 2015, c. 166, §14, is amended to read:

7. Reimbursement of handling costs. Reimbursement of handling costs is governed by this subsection.

A. In addition to the payment of the refund value, the initiator of the deposit under section 3103, subsections 1, 2 and 4 shall reimburse the dealer or local redemption center for the cost of handling beverage containers subject to section 3103, in an amount that equals at least 3¢ per returned container for containers picked up by the initiator before March 1, 2004, at least 3 1/2¢ for containers picked up on or after March 1, 2004 and before March 1, 2010 ~~and~~ at least 4¢ for containers picked up on or after March 1, 2010 and before March 1, 2019 and at least 4 1/2¢ for containers picked up on or after March 1, 2019. The initiator of the deposit may reimburse the dealer or local redemption center directly or indirectly through a party with which it has entered into a commingling agreement.

B. In addition to the payment of the refund value, the initiator of the deposit under section 3103, subsection 3 shall reimburse the dealer or local redemption center for the cost of handling beverage containers subject to section 3103 in an amount that equals at least 3¢ per returned container for containers picked up by the initiator before March 1, 2004, at least 3 1/2¢ for containers picked up on or after March 1, 2004 and before March 1, 2010 ~~and~~ at least 4¢ for containers picked up on or after March 1, 2010 and before March 1, 2019 and at least 4 1/2¢ for containers picked up on or after March 1, 2019. The initiator of the deposit may reimburse the dealer or local redemption center directly or indirectly through a contracted agent or through a party with which it has entered into a commingling agreement.

COMMITTEE AMENDMENT

M. & S.

1 C. The reimbursement that the initiator of the deposit is obligated to pay the dealer or
 2 redemption center pursuant to paragraph A or B must be reduced by 1/2¢ for any
 3 returned container that is subject to a qualified commingling agreement that allows
 4 the dealer or redemption center to commingle beverage containers of like product
 5 group, material and size. A commingling agreement is qualified for purposes of this
 6 paragraph if the department determines that 50% or more of the beverage containers
 7 of like product group, material and size for which the deposits are being initiated in
 8 the State are covered by the commingling agreement or that the initiators of deposit
 9 covered by the commingling agreement are initiators of deposit for wine containers
 10 who each sell no more than 100,000 gallons of wine or 500,000 beverage containers
 11 that contain wine in a calendar year. Once the initiator of deposit has established a
 12 qualified commingling agreement for containers of a like product group, material and
 13 size, the department shall allow additional brands to be included from a different
 14 product group if they are of like material. The State, through the Department of
 15 Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery
 16 Operations, shall make every reasonable effort to enter into a qualified commingling
 17 agreement under this paragraph with every other initiator of deposit for beverage
 18 containers that are of like product group, size and material as the beverage containers
 19 for which the State is the initiator of deposit.

20 D. Paragraphs A, B and C do not apply to a brewer who annually produces no more
 21 than 50,000 gallons of its product or a bottler of water who annually sells no more
 22 than 250,000 containers each containing no more than one gallon of its product. In
 23 addition to the payment of the refund value, an initiator of deposit under section
 24 3103, subsections 1 to 4 who is also a brewer who annually produces no more than
 25 50,000 gallons of its product or a bottler of water who annually sells no more than
 26 250,000 containers each containing no more than one gallon of its product shall
 27 reimburse the dealer or local redemption center for the cost of handling beverage
 28 containers subject to section 3103 in an amount that equals at least 3¢ per returned
 29 container for containers picked up before March 1, 2019 and at least 3 1/2¢ for
 30 containers picked up on or after March 1, 2019.

31 **Sec. 3. Appropriations and allocations.** The following appropriations and
 32 allocations are made.

33 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

34 **Alcoholic Beverages - General Operation 0015**

35 Initiative: Provides an allocation for reimbursement payments to agency liquor stores for
 36 the difference between the deposits on spirits purchased before March 1, 2019 and the
 37 refund value on those same purchases still unsold or returned after that date.

38	STATE ALCOHOLIC BEVERAGE FUND	2017-18	2018-19
39	All Other	\$0	\$60,000
40			
41	STATE ALCOHOLIC BEVERAGE FUND TOTAL	\$0	\$60,000

42 **Alcoholic Beverages - General Operation 0015**

1 Initiative: Provides an allocation for an increase in the rate of handling cost
 2 reimbursement paid by the initiator of deposit to a dealer or local redemption center.

3	STATE ALCOHOLIC BEVERAGE FUND	2017-18	2018-19
4	All Other	\$0	\$147,000
5			
6	STATE ALCOHOLIC BEVERAGE FUND TOTAL	<u>\$0</u>	<u>\$147,000</u>

7	ADMINISTRATIVE AND FINANCIAL		
8	SERVICES, DEPARTMENT OF		
9	DEPARTMENT TOTALS	2017-18	2018-19
10			
11	STATE ALCOHOLIC BEVERAGE FUND	\$0	\$207,000
12			
13	DEPARTMENT TOTAL - ALL FUNDS	<u>\$0</u>	<u>\$207,000</u>

14 **Sec. 4. Effective date.** That section of this Act that repeals and replaces the Maine
 15 Revised Statutes, Title 38, section 3103, subsection 4 takes effect March 1, 2019.'

16 **SUMMARY**

17 This amendment, which is a minority report of the committee, amends the bill as
 18 follows:

19 1. It retains the provision of the bill that creates a uniform refund value of not more
 20 than 5¢ for all wine and spirits containers but provides that this uniform refund value
 21 does not take effect until March 1, 2019;

22 2. Effective March 1, 2019, it increases by 1/2¢ the per container handling fee to be
 23 paid by an initiator of deposit to a dealer or local redemption center; and

24 3. It adds an appropriations and allocations section.

25 **FISCAL NOTE REQUIRED**

26 **(See attached)**



128th MAINE LEGISLATURE

LD 1703

LR 2632(03)

An Act To Create Equity for Wine and Spirits Container Deposits

Fiscal Note for Bill as Amended by Committee Amendment
Committee: Environment and Natural Resources

B (H-627)

Fiscal Note Required: Yes

Fiscal Note

	FY 2017-18	FY 2018-19	Projections FY 2019-20	Projections FY 2020-21
Appropriations/Allocations				
State Alcoholic Beverage Fund	\$0	\$207,000	\$161,700	\$177,870

Fiscal Detail and Notes

This bill would create a uniform refund value of 5¢ for all returnable beverage containers starting March 1, 2019. Because the bottle redemption program is included in the spirits administration contract with Pine State Trading Company, this change would require an addendum to the current contract. As a result of the new redemption value, the spirits contract vendor would be required to phase in new redemption stickers and to affix new redemption stickers to any remaining inventory in stock that was purchased prior to, and that remained unsold on, March 1, 2019. Additionally, because the Bureau of Alcoholic Beverages and Lottery Operations acts as the initiator of deposits on Spirits purchased under the spirits contract, the bureau will be required to reimburse agency liquor stores for the cost difference between the deposits on spirits purchased before March 1, 2019 and the refund value on those same purchases still unsold or returned after that date. The bill includes a one-time allocation of \$60,000 in fiscal year 2018-19 to reimburse agency liquor stores. This bill also increases the rate of handling cost reimbursement paid by the initiator of deposit to a dealer or local redemption center from 4¢ a container to 4.5¢ a container. The bill includes an ongoing allocation of \$147,000 beginning in fiscal year 2018-19 for this purpose. It is anticipated that the Alcoholic Beverages Fund will have sufficient revenue to fund these allocations in the near future. However, the additional expenditures from the fund may eventually put required payments to the Maine Municipal Bond Bank at risk.

Any additional costs to the Department of Environmental Protection as a result of changes to the redemption value are anticipated to be minor and can be absorbed within existing budgeted resources.