



Senate

General Assembly

File No. 706

January Session, 2023

Substitute Senate Bill No. 1236

Senate, May 4, 2023

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE AMOUNTS OF UNCLAIMED BEVERAGE CONTAINER DEPOSITS TO BE PAID FOR DEPOSIT IN THE GENERAL FUND.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 22a-245a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) Each deposit initiator shall open a special interest-bearing account
4 at a Connecticut branch of a financial institution, as defined in section
5 45a-557a, to the credit of the deposit initiator. Each deposit initiator shall
6 deposit in such account an amount equal to the refund value established
7 pursuant to subsection (a) of section 22a-244, for each beverage
8 container sold by such deposit initiator. Such deposit shall be made not
9 more than one month after the date such beverage container is sold,
10 provided for any beverage container sold during the period from
11 December 1, 2008, to December 31, 2008, inclusive, such deposit shall be
12 made not later than January 5, 2009. All interest, dividends and returns

13 earned on the special account shall be paid directly into such account.
14 Such moneys shall be kept separate and apart from all other moneys in
15 the possession of the deposit initiator. The amount required to be
16 deposited pursuant to this section, when deposited, shall be held to be
17 a special fund in trust for the state.

18 (b) (1) Any reimbursement of the refund value for a redeemed
19 beverage container shall be paid from the deposit initiator's special
20 account, with such payment to be computed, subject to the provisions
21 of subdivision (2) of this subsection, under the cash receipts and
22 disbursements method of accounting, as described in Section 446(c)(1)
23 of the Internal Revenue Code of 1986, or any subsequent corresponding
24 Internal Revenue Code of the United States, as amended from time to
25 time.

26 (2) A deposit initiator may petition the Commissioner of Revenue
27 Services for an alternate method of accounting by filing with such
28 deposit initiator's return a statement of objections and other proposed
29 alternate method of accounting, as such deposit initiator believes proper
30 and equitable under the circumstances, that is accompanied by
31 supporting details and proof. The Commissioner of Revenue Services
32 shall promptly notify such deposit initiator whether the proposed
33 alternate method is accepted as reasonable and equitable and, if so
34 accepted, shall adjust such deposit initiator's return and payment of
35 reimbursement accordingly.

36 (c) Not later than August 1, 2024, and annually thereafter, the
37 Commissioner of Energy and Environmental Protection shall calculate
38 and publish the average state-wide redemption rate for the preceding
39 fiscal year, calculated as the number of beverage containers redeemed
40 for the deposit divided by the number of beverage containers sold.

41 [(c)] (d) (1) Each deposit initiator shall submit a report on March 15,
42 2009, for the period from December 1, 2008, to February 28, 2009,
43 inclusive. Each deposit initiator shall submit a report on July 31, 2009,
44 for the period from March 1, 2009, to June 30, 2009, inclusive, and
45 thereafter shall submit a quarterly report for the immediately preceding

46 calendar quarter one month after the close of such quarter. Each such
47 report shall be submitted to the Commissioner of Energy and
48 Environmental Protection, on a form prescribed by the commissioner
49 and with such information as the commissioner deems necessary,
50 including, but not limited to: (A) The balance in the special account at
51 the beginning of the quarter for which the report is prepared; (B) a list
52 of all deposits credited to such account during such quarter, including
53 all refund values paid to the deposit initiator and all interest, dividends
54 or returns received on the account; (C) a list of all withdrawals from
55 such account during such quarter, all service charges and overdraft
56 charges on the account and all payments made pursuant to subsection
57 [(d)] (e) of this section; and (D) the balance in the account at the close of
58 the quarter for which the report is prepared.

59 (2) Each deposit initiator shall submit a report on October 31, 2010,
60 for the calendar quarter beginning July 1, 2010. Subsequently, each
61 deposit initiator shall submit a quarterly report for the immediately
62 preceding calendar quarter, on or before the last day of the month next
63 succeeding the close of such quarter. Each such report shall be
64 submitted to the Commissioner of Revenue Services, on a form
65 prescribed by the Commissioner of Revenue Services, and with such
66 information as the Commissioner of Revenue Services deems necessary,
67 including, but not limited to, the following information: (A) The balance
68 in the special account at the beginning of the quarter for which the
69 report is prepared, (B) all deposits credited to such account during such
70 quarter, including all refund values paid to the deposit initiator and all
71 interest, dividends or returns received on such account, (C) all
72 withdrawals from such account during such quarter, including all
73 service charges and overdraft charges on such account and all payments
74 made pursuant to subsection [(d)] (e) of this section, and (D) the balance
75 in such account at the close of the quarter for which the report is
76 prepared. Such quarterly report shall be filed electronically with the
77 Commissioner of Revenue Services, in the manner provided by chapter
78 228g.

79 [(d)] (e) (1) On or before April 30, 2009, each deposit initiator shall

80 pay the balance outstanding in the special account that is attributable to
81 the period from December 1, 2008, to March 31, 2009, inclusive, to the
82 Commissioner of Energy and Environmental Protection for deposit in
83 the General Fund. Thereafter, the balance outstanding in the special
84 account that is attributable to the immediately preceding calendar
85 quarter shall be paid by the deposit initiator one month after the close
86 of such quarter to the Commissioner of Energy and Environmental
87 Protection for deposit in the General Fund. If the amount of the required
88 payment pursuant to this subdivision is not paid by the date seven days
89 after the due date, a penalty of ten per cent of the amount due shall be
90 added to the amount due. The amount due shall bear interest at the rate
91 of one and one-half per cent per month or fraction thereof, from the due
92 date. Any such penalty or interest shall not be paid from funds
93 maintained in the special account.

94 (2) (A) On or before October 31, 2010, each deposit initiator shall pay
95 the balance outstanding in the special account that is attributable to the
96 period from July 1, 2010, to September 30, 2010, inclusive, to the
97 Commissioner of Revenue Services for deposit in the General Fund.

98 (B) Subsequently: [, for]

99 (i) For the fiscal year ending June 30, 2023, ninety-five per cent of the
100 balance outstanding in the special account that is attributable to the
101 immediately preceding calendar quarter shall be paid by the deposit
102 initiator on or before the last day of the month next succeeding the close
103 of such quarter to the Commissioner of Revenue Services for deposit in
104 the General Fund; [, for]

105 (ii) For the fiscal year ending June 30, 2024, sixty-five per cent of the
106 balance outstanding in the special account that is attributable to the
107 immediately preceding calendar quarter shall be paid by the deposit
108 initiator on or before the last day of the month next succeeding the close
109 of such quarter to the Commissioner of Revenue Services for deposit in
110 the General Fund, except that for the calendar quarters ending
111 September 30, 2023, and December 31, 2023, the balances outstanding in
112 the special account that are attributable to said calendar quarters shall

113 be retained in the special account by the deposit initiator for the purpose
114 of reimbursement of the refund value in effect on January 1, 2024, for a
115 redeemed beverage container in accordance with the provisions of
116 subsection (b) of this section and section 22a-244;

117 (iii) For the fiscal year ending June 30, 2025, [fifty-five] fifty per cent
118 of the balance outstanding in the special account that is attributable to
119 the immediately preceding calendar quarter shall be paid by the deposit
120 initiator on or before the last day of the month next succeeding the close
121 of such quarter to the Commissioner of Revenue Services for deposit in
122 the General Fund; [and for]

123 (iv) For the fiscal year ending June 30, 2026, [and each subsequent
124 fiscal year thereafter, forty-five] if the redemption rate calculated under
125 subsection (c) of this section for the preceding fiscal year is:

126 (I) At least sixty-five per cent, twenty-five per cent of the balance
127 outstanding in the special account that is attributable to the immediately
128 preceding calendar quarter shall be paid by the deposit initiator on or
129 before the last day of the month next succeeding the close of such
130 quarter to the Commissioner of Revenue Services for deposit in the
131 General Fund; and

132 (II) Less than sixty-five per cent, forty-five per cent of the balance
133 outstanding in the special account that is attributable to the immediately
134 preceding calendar quarter shall be paid by the deposit initiator on or
135 before the last day of the month next succeeding the close of such
136 quarter to the Commissioner of Revenue Services for deposit in the
137 General Fund;

138 (v) For the fiscal year ending June 30, 2027, if the redemption rate
139 calculated under subsection (c) of this section for the preceding fiscal
140 year is:

141 (I) At least seventy per cent, five per cent of the balance outstanding
142 in the special account that is attributable to the immediately preceding
143 calendar quarter shall be paid by the deposit initiator on or before the

144 last day of the month next succeeding the close of such quarter to the
145 Commissioner of Revenue Services for deposit in the General Fund;

146 (II) Less than seventy per cent but more than sixty-five per cent,
147 twenty-five per cent of the balance outstanding in the special account
148 that is attributable to the immediately preceding calendar quarter shall
149 be paid by the deposit initiator on or before the last day of the month
150 next succeeding the close of such quarter to the Commissioner of
151 Revenue Services for deposit in the General Fund; and

152 (III) Sixty-five per cent or less, forty-five per cent of the balance
153 outstanding in the special account that is attributable to the immediately
154 preceding calendar quarter shall be paid by the deposit initiator on or
155 before the last day of the month next succeeding the close of such
156 quarter to the Commissioner of Revenue Services for deposit in the
157 General Fund; and

158 (vi) For the fiscal year ending June 30, 2028, and each fiscal year
159 thereafter, if the redemption rate calculated under subsection (c) of this
160 section for the preceding fiscal year is:

161 (I) At least eighty per cent, five per cent of the balance outstanding in
162 the special account that is attributable to the immediately preceding
163 calendar quarter shall be paid by the deposit initiator on or before the
164 last day of the month next succeeding the close of such quarter to the
165 Commissioner of Revenue Services for deposit in the General Fund;

166 (II) Less than eighty per cent but more than seventy per cent, ten per
167 cent of the balance outstanding in the special account that is attributable
168 to the immediately preceding calendar quarter shall be paid by the
169 deposit initiator on or before the last day of the month next succeeding
170 the close of such quarter to the Commissioner of Revenue Services for
171 deposit in the General Fund;

172 (III) Seventy per cent or less but more than sixty-five per cent, twenty-
173 five per cent of the balance outstanding in the special account that is
174 attributable to the immediately preceding calendar quarter shall be paid

175 by the deposit initiator on or before the last day of the month next
176 succeeding the close of such quarter to the Commissioner of Revenue
177 Services for deposit in the General Fund; and

178 (IV) Sixty-five per cent or less, forty-five per cent of the balance
179 outstanding in the special account that is attributable to the immediately
180 preceding calendar quarter shall be paid by the deposit initiator on or
181 before the last day of the month next succeeding the close of such
182 quarter to the Commissioner of Revenue Services for deposit in the
183 General Fund.

184 (C) If the amount of the required payment pursuant to this
185 subdivision is not paid on or before the due date, a penalty of ten per
186 cent of the amount due and unpaid, or fifty dollars, whichever is greater,
187 shall be imposed. The amount due and unpaid shall bear interest at the
188 rate of one per cent per month or fraction thereof, from the due date.
189 Any such penalty or interest shall not be paid from funds maintained in
190 such special account. Such required payment shall be made by
191 electronic funds transfer to the Commissioner of Revenue Services, in
192 the manner provided by chapter 228g.

193 [(e)] (f) If moneys deposited in the special account are insufficient to
194 pay for withdrawals authorized pursuant to subsection (b) of this
195 section, the amount of such deficiency shall be subtracted from the next
196 succeeding payment or payments due pursuant to subsection [(d)] (e) of
197 this section until the amount of the deficiency has been subtracted in
198 full.

199 [(f)] (g) The Commissioner of Revenue Services may examine the
200 accounts and records of any deposit initiator maintained under this
201 section or sections 22a-243 to 22a-245, inclusive, and any related
202 accounts and records, including receipts, disbursements and such other
203 items as the Commissioner of Revenue Services deems appropriate.

204 [(g)] (h) The Attorney General may, independently or upon
205 complaint of the Commissioner of Energy and Environmental
206 Protection or the Commissioner of Revenue Services, institute any

207 appropriate action or proceeding to enforce any provision of this section
208 or any regulation adopted pursuant to section 22a-245 to implement the
209 provisions of this section.

210 [(h)] (i) The provisions of sections 12-548, 12-550 to 12-554, inclusive,
211 and 12-555a shall be deemed to apply to the provisions of this section,
212 except any provision of sections 12-548, 12-550 to 12-554, inclusive, and
213 12-555a that is inconsistent with the provision in this section.

214 [(i)] (j) Any payment required pursuant to this section shall be treated
215 as a tax for purposes of sections 12-30b, 12-33a, 12-35a, 12-39g and 12-
216 39h.

217 [(j)] (k) Not later than July 1, 2010, the Department of Energy and
218 Environmental Protection or successor agency shall establish a
219 procedure that allows each such deposit initiator to take a credit against
220 any payment made pursuant to subsection [(d)] (e) of this section in the
221 amount of the deposits refunded on beverage containers which such
222 deposit initiator donated for any charitable purpose.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	22a-245a

FIN *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Revenue Serv., Dept.	GF - Revenue Loss	11.7 million	3.2 million
Revenue Serv., Dept.	GF - Cost	Up to 75,000	Up to 75,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which reduces the amount of unclaimed deposits remitted to the General Fund under the state's bottle bill, results in (1) a revenue loss of \$11.7 million in FY 24 and \$3.2 million in FY 25, and (2) an annual cost to the Department of Revenue Services of up to \$75,000 beginning in FY 24 associated with programming updates to the CTax tax administration system and myconneCT online portal, and for annual modifications to bottle deposit forms.

The Out Years

The bill results in revenue losses of up to \$10 million in FY 26 and up to \$19.4 million in FY 27 and annually thereafter.¹ The annualized ongoing cost impact identified above would continue into the future subject to inflation.

¹ The actual revenue loss is dependent upon the statewide redemption rate achieved annually beginning with FY 25 (which would determine the remittance for FY 26).

OLR Bill Analysis**sSB 1236*****AN ACT CONCERNING THE AMOUNTS OF UNCLAIMED BEVERAGE CONTAINER DEPOSITS TO BE PAID FOR DEPOSIT IN THE GENERAL FUND.*****SUMMARY**

For FYs 24 and 25, this bill reduces the amount of unclaimed deposits remitted to the General Fund under the state's beverage container redemption law (i.e., "bottle bill"). For FY 24, it requires deposit initiators (e.g., distributors) to keep all unclaimed deposits from July 1, 2023, to the end of the calendar year, to reimburse them for the 10-cent deposit on redeemed beverage containers scheduled to take effect on January 1, 2024. For FY 25, it reduces the amount of unclaimed deposits that deposit initiators must quarterly remit to the General Fund from 55% to 50%.

Beginning in FY 26, current law requires deposit initiators to remit 45% of unclaimed deposits to the General Fund. The bill instead ties the required remittance to the average statewide redemption rate for the preceding fiscal year and requires deposit initiators to remit less than 45% of unclaimed deposits if the redemption rate is greater than 65%.

EFFECTIVE DATE: Upon passage

UNCLAIMED DEPOSITS REMITTED TO GENERAL FUND***FYs 24 and 25***

The state's bottle bill generally requires a deposit to be charged on each beverage container at the time of purchase. Deposit initiators must place an amount equal to the deposits they collect on sales into a separate, interest-bearing account to refund deposits on redeemed beverage containers. On January 1, 2024, the deposit amount increases from five cents to 10 cents.

Under current law, deposit initiators must pay the revenue services commissioner 95% of the outstanding account balance attributable to the previous calendar quarter, for deposit in the General Fund, and in FY 24 this amount decreases to 65%. The bill requires deposit initiators to keep all outstanding balances attributable to the calendar quarters starting July 1, 2023, and October 1, 2023, to refund the 10-cent deposits that apply on January 1, 2024.

Starting in FY 25, the bill requires deposit initiators to pay the revenue services commissioner 50% of the outstanding account balance for each quarter, rather than the 55% required under current law.

FY 26 and After

Starting in FY 26, the bill ties the percentage of unclaimed deposits that deposit initiators must remit each quarter to the average statewide redemption rate for the preceding fiscal year, as shown in the table below. It requires the Department of Energy and Environmental Protection commissioner, beginning by August 1, 2024, to annually calculate and publish this rate by dividing the number of beverage containers redeemed by the number sold.

Table: Required Remittance of Unclaimed Deposits for FY 26 and After

<i>FY</i>	<i>Statewide Redemption Rate for Preceding Fiscal Year</i>	<i>Required Remittance</i>
26	At least 65%	25%
	Less than 65%	45%
27	At least 70%	5%
	Greater than 65%, but less than 70%	25%
	65% or less	45%
28 and after	At least 80%	5%
	Greater than 70%, but less than 80%	10%
	Greater than 65% to 70%	25%
	65% or less	45%

BACKGROUND***Related Bills***

sSB 981, favorably reported by the Finance, Revenue and Bonding Committee, contains identical provisions.

sSB 895 (File 33), favorably reported by the Environment Committee, contains a similar provision requiring deposit initiators to keep all unclaimed deposits from July 1, 2023, to the end of the year.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 51 Nay 0 (04/19/2023)