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UNREDEEEMED DEPOSITS

House Bill 4704
Sponsor: Rep. Michael J. Griffin
Committee: Liquor Control

Complete to 5-4-89

A SUMMARY OF HOUSE BILL 4704 AS INTRODUCED 4-26-89

The bill would amend the initiated bottle deposit law to require distributors and manufacturers of beverages sold in containers bearing deposits to pay to the treasury department some portion of the unredeemed deposits collected. However, businesses would only have to pay if unredeemed deposits statewide exceeded $4 million for beer and similar alcoholic beverages or $8 million for non-alcoholic beverages. The formulas for determining what percentage of the dollar value of unredeemed deposits must be paid to the state appear to be as follows:

For alcoholic beverage containers, the total dollar amount of unredeemed containers minus $4 million divided by the total amount of unredeemed containers. (For example, if there were $10 million unredeemed deposits, businesses would have to pay 60 percent of the total value of unredeemed deposits to the state. 10 minus 4 equals 6; 6 divided by 10 = .60. As the number of unredeemed deposits declines so does the percentage of the unredeemed deposits that must be paid to the state. If total unredeemed deposits were valued at $5 million, 20 percent of the value of unredeemed deposits would be due the state. The examples assume all businesses are "underredeemers.")

For non-alcoholic beverage containers, the total dollar amount of unredeemed containers minus $8 million divided by the total amount of unredeemed containers. (For example, if there were $20 million unredeemed deposits, businesses would have to pay 60 percent of the total value of their unredeemed deposits to the state. 20 minus 8 equals 12; 12 divided by 20 equals .60. At $10 million, 20 percent would be due the state.)

Under the bill, the $4 million and $8 million amounts would be increased by 5 percent each calendar year.

The bill would require, beginning March 1, 1990, distributors and manufacturers to file annual reports with the Department of Treasury indicating the dollar value during the preceding calendar year of both total deposits collected on beverages sold in the state and total refunds made on beverage containers redeemed by the distributor or manufacturer. Separate reports would be required for alcoholic and non-alcoholic beverages. The Department of Treasury would determine by May 1, based on the reports, the total of deposits collected and redeemed. Based on the formulas cited above, the treasury department would assess and collect money owed by an "underredeemer." Businesses would have to be notified of the amount they owed by July 1 and would have 45 days to pay. Treasury could audit the records of a business required to file reports. The department would be able to promulgate rules to implement the act.

MCL 445.573a et al.