



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 178 (as reported without amendment)
Sponsor: Senator Ed McBroom
Committee: Natural Resources

CONTENT

The bill would amend Initiated Law 1 of 1976, the beverage container deposit law, to do the following:

- Require reports made by a distributor or manufacturer be made in a form prescribed by the Department of Treasury, instead of a format prescribed by statute.
- Modify the definitions of "overredeemer" and "underredeemer", and define "participating customer".
- Specify that an overredemption credit would only apply to an underredeemer for a year before 2019, who became an overredeemer in a subsequent year.
- Eliminate the overredemption credit for manufacturer that no longer originated deposits.
- Prescribe a procedure for an overredeemer to request a refund equal to the amount by which the total value of refunds it made in a specified period exceeded the sum total value of deposits it collected from the Department during that period.
- Modify the duties of the Department as they pertain to the Bottle Deposit Fund.

The bill would take effect September 30, 2021.

MCL 445.573a et al.

Legislative Analyst: Dana Adams

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the State and no fiscal impact on local units of government. The bill would move the system by which overredeemer and underredeemer distributors are reconciled from an annual credit-based system to a cash-based system with quarters. This would have an indeterminate fiscal impact on the Bottle Deposit Fund and would increase the administrative costs to the Department of Treasury's Office of Collections.

The bill would eliminate the ability of an underredeemer to credit the value of amounts it owed to the Fund from years that it overredeemed bottles. This could reduce the number of underredeemers that owed payments to the Bottle Deposit Fund. As of September 2019, that amounted to \$43.0 million.

Allowing overredeemers to receive the amount owed to the distributor from the Department each calendar quarter would reduce the amount of time the deposits into the Bottle Deposit Fund remained in the Fund and could reduce the interest generated on the balance. This likely would be offset by no longer allowing credits to underredeemers that owed deposits into the Fund. The Office of Collections, which oversees the Bottle Deposit Fund in the Department of Treasury, likely would experience additional administrative costs to allow quarterly payments

to overredeemers. This could include both additional staff and possible information technology costs.

Date Completed: 3-8-21

Fiscal Analyst: Cory Savino