
OLR Bill Analysis

SB 516

AN ACT CONCERNING THE REDEMPTION RATE AND REFUND VALUE OF BEVERAGE CONTAINERS.

SUMMARY

This bill makes several changes related to the state's beverage container redemption law ("bottle bill"). It requires the Department of Revenue Services (DRS) commissioner, by February 15, 2027, to determine the 2026 (1) statewide average beverage containers redemption rate and (2) beverage containers redemption rate for each deposit initiator. (The bill specifies that this is to evaluate the effectiveness of the antifraud and enforcement measures enacted under PA 26-2. It does not specifically define "deposit initiator," but under the bottle bill, a deposit initiator is generally the first entity to collect a deposit on a beverage container.)

If the DRS commissioner determines that either the statewide redemption rate or any deposit initiator's redemption rate was more than 100%, the bill requires the refund value of beverage containers to be reduced from 10 cents to 5 cents. This change applies regardless of existing law and is effective July 1, 2027, or as soon as practicable after that date for the beverage industry to implement the change.

Under the bill, if the refund value is reduced to five cents, it must remain so until the DRS commissioner certifies, based on irrefutable evidence, that 100% of the beverage containers redeemed in Connecticut are beverage containers originally sold in the state. ("Irrefutable" commonly means incapable of being disproved or countered effectively (Black's Law Dictionary, 12th ed.).)

Additionally, the bill allows certain deposit initiators to apply for full reimbursement of their financial losses resulting from the over-redemption of beverage containers. (In the context of the bottle bill,

over-redemption is generally considered to be the illegal or improper redemption of containers.) Existing law requires deposit initiators to deposit the refund value of containers they sell into special interest-bearing bank accounts and use the funds in these accounts to reimburse dealers and redemption centers for the refunds on redeemed containers. If a deposit initiator does not have enough money in its account in any quarter to pay these refunds, it must subtract the deficiency from its next quarterly remittance of unclaimed bottle deposits until the deficiency is completely subtracted. The bill allows deposit initiators that submit a quarterly report showing a negative balance in their special accounts during FYs 25 and 26 because of the over-redemption of beverage containers (and the payment of handling fees associated with them) to apply to the Office of Policy and Management secretary, in a way he prescribes, for full reimbursement.

Lastly, the bill specifies that it does not affect the existing handling fee rate.

EFFECTIVE DATE: Upon passage

BACKGROUND

Bottle Bill & Handling Fee Rate

The state's bottle bill generally requires a deposit to be charged on each beverage container at the time of purchase, which is then refunded to the consumer when it is redeemed at a retailer or redemption center.

By law, distributors must pay dealers and redemption center operators, in addition to the container's refund value, a handling fee of 2.5 cents for each container of beer, hard seltzer, hard cider, or other malt beverage, and 3.5 cents for each container of mineral water, soda water, and similar carbonated soft drinks or other noncarbonated beverage returned for redemption.

Related Act

PA 26-2 also makes several changes to the bottle bill, including (1) reducing the handling fee distributors pay to certain redemption centers by up to one cent if the redemption center does not use certain scanning

technology to redeem beverage containers and (2) authorizing a rebate to certain deposit initiators who reported a negative balance in their special account for the quarter ending June 30, 2026.

Related Bill

sSB 457 (File 479), favorably reported by the Environment Committee, also makes various modifications to the bottle bill, including banning (1) dealers from collecting or charging a refund value on beverage containers not purchased in Connecticut and (2) dealers and redemption centers from misrepresenting the size, brand, or quantity of beverage containers given to distributors.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 38 Nay 15 (03/31/2026)