



Senate

General Assembly

File No. 701

February Session, 2026

Senate Bill No. 516

Senate, April 20, 2026

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 bill ought to pass.

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

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

1 Section 1. (*Effective from passage*) (a) (1) To evaluate the effectiveness
2 of the antifraud and enforcement measures enacted pursuant to public
3 act 26-2, the Commissioner of Revenue Services shall, not later than
4 February 15, 2027, determine for calendar year 2026 the state-wide
5 average redemption rate of all beverage containers, as defined in section
6 22a-243 of the general statutes, and the redemption rate of beverage
7 containers for each deposit initiator. If the commissioner determines
8 that the state-wide redemption rate or the redemption rate of any
9 deposit initiator was more than one hundred per cent for calendar year
10 2026, notwithstanding the provisions of subdivision (1) of subsection (a)
11 of section 22a-244 of the general statutes, the refund value under said
12 subdivision shall be reduced to five cents, effective July 1, 2027, or as
13 soon as practicable thereafter for the beverage industry to implement
14 the change.

15 (2) The refund value shall remain at five cents until such time as the
16 commissioner certifies, based on irrefutable evidence, that one hundred
17 per cent of the beverage containers redeemed in this state are beverage
18 containers originally sold in this state.

19 (b) Each deposit initiator that submitted a quarterly report pursuant
20 to section 22a-245a of the general statutes that properly reported a
21 negative balance in such deposit initiator's special account during the
22 fiscal years ending June 30, 2025, and June 30, 2026, where such negative
23 balance resulted from the overredemption of beverage containers and
24 the payment of handling fees associated therewith, may apply to the
25 Secretary of the Office of Policy and Management, in the form and
26 manner prescribed by the secretary, for full reimbursement of the
27 financial loss to the deposit initiator as a result of the overredemption of
28 beverage containers.

29 (c) Nothing in this section shall affect the rate of the handling fee set
30 forth in subsection (d) of section 22a-245 of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

FIN *Joint Favorable*

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 27 \$	FY 28 \$
Policy & Mgmt., Off.	Uncertain - Potential Cost	See Below	See Below
Revenue Serv., Dept.	GF - Revenue Impact	None	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which requires the refund value of beverage containers be reduced from 10 cents to five cents under certain circumstances, results in (1) a minimal net revenue impact to the General Fund beginning in FY 28, and (2) a potential cost to the state.

Revenue Impact

Based on currently available data, the redemption rate threshold established under the bill for calendar year 2026 would be triggered, thus reducing the bottle deposit amount from 10 cents to five beginning in FY 28, or after when practicable for the beverage industry to implement. It is anticipated this would reduce redemption rates below 60% thus increasing the General Fund escheat rate from 5% to 45%.¹ The impact of (1) the decrease in the bottle deposit amount and (2) the increase in the escheat rate results in a minimal net revenue impact to the General Fund until such time that the DRS commissioner certifies, based on irrefutable evidence, that 100% of the beverage containers

¹ Prior to the increase in the deposit amount from five cents to 10 cents the quarterly redemption rate was approximately 50%.

redeemed in Connecticut were originally sold here.

Potential Cost Impact

The bill allows deposit initiators that were over-redeemed in FY 25 and FY 26 to apply to the Office of Policy and Management for full reimbursement for financial losses. This results in a potential cost to the state.² It is uncertain what funding, if any, would be available for such reimbursement.³

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to statewide and individual redemption rates.

² As of December 2025, the cumulative negative balance for deposit initiators whose total withdrawals exceeded deposits was approximately \$19.2 million.

³ Section 404 of PA 25-168, AAC The State Budget For The Biennium Ending June 30, 2027, And Making Appropriations Therefor, And Provisions Related To Revenue And Other Items Implementing The State Budget, provided \$1.75 million in grants to over-redeemed deposit initiators. As of March 31, 2026, approximately \$30,500 remains available.

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)