## 2007 Regular Legislative Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 707 STATUS: A-Engrossed MINORITY REPORT

**SUBJECT:** Modifies beverage container refund provisions and establishes the Bottle Bill Task Force

GOVERNMENT UNIT AFFECTED: Department of Environmental Quality, Legislative

Administration, and Department of Agriculture

PREPARED BY: Dawn Farr

**REVIEWED BY:** Paul Siebert and Theresa McHugh

**DATE:** April 12, 2007

**EXPENDITURES:** See Comments.

**REVENUES:** See Comments.

**EFFECTIVE DATE:** On passage.

**GOVERNOR'S BUDGET:** This bill is not anticipated by the Governor's recommended budget.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill expands the type of beverage containers subject to deposit provisions in the Bottle Bill; establishes conditions on which dealers might accept and refuse beverage containers and requires dealers to post the conditions, which are subject to modification in 2012; makes manufacturer, distributor or importer liable to dealer for failure to pay refund value or collect containers; eliminates persons licensed by the Department of Agriculture pursuant to ORS 616.706 from accepting beverage containers for redemption; and, creates the Bottle Bill Task Force. The task force is directed to study beverage container collection and refund matters, including but not limited to alternative collection methods to increase the recycling while maintaining consumer convenience. The task force is to report to interim legislative committees on or before November 1, 2008. Task force staffing is to be provided by the Legislative Administration Committee (LAC) with support from the Department of Environmental Quality (DEQ). Members of the task force are not entitled to compensation or reimbursement for expenses and serve as volunteers.

The fiscal impacts associated with task force staffing and support functions are dependent upon a number of variables such as number of meetings, scope of project, duration, and product expectations. LAC support to the Bottle Bill Task Force for meeting coordination, research, project management, and report writing could conservatively require ½ the time of a Committee Administrator for 16 months, August 2007 to November 2008. This is equivalent to .34 FTE and approximately \$62,000 for the 2007-09 biennium. The LAC Budget contains funds for 8 interim committee administrators and 6 committee assistants, which can be allocated as staff to interim committees and task forces. If this task force creates a workload beyond the levels assumed in the LAC Budget, or if the cumulative effect of workload from the enactment of other bills exceeds levels assumed in the LAC Budget, additional General Fund resources may be required.

The Department of Environmental Quality indicates that supporting the task force may include providing assistance in defining the task force's scope of work, conducting research, reporting data, selecting members and participating in the task force. The Department expects that this increased workload will

require that an existing Natural Resource Specialist 4 position dedicate \(^{1}\)4 of their time to the task force from August 2007 through October 2008, which is equivalent to 0.16 FTE for the 2007-09 biennium. The Department indicates that they can assume this additional workload with existing resources.

The Department of Agriculture indicates that establishments licensed pursuant to ORS 616.706 are retail food stores, excluding restaurants. Examples include 7-Eleven, Plaid Pantry, Safeway, Fred Meyer, Albertson's, small convenience stores, stores selling only bottled wine, and stores selling vitamins and supplements. The bill excludes these entities from accepting beverage containers for redemption. This change would have no direct fiscal impact on the Department.

The Oregon Liquor Control Commission (OLCC) indicates that one of their roles is to field consumer Bottle Bill consumer. Since 2000, the agency has received between 50 and 90 complaints per year. Passage of the bill is expected to increase the number of calls, at least initially. The exact increase is indeterminate. The Department does not expect to have any workload savings result from a reduction in redemption centers. OLCC monitors the Bottle Bill in tandem with their monitoring of liquor licensees. This responsibility is not impacted by the bill.

The impact on local government is indeterminate. A reduction in redemption sites will likely lead to increased materials being added to municipal recycling and waste disposal systems. Increased volumes may trigger local government review and modification of consumer sanitation and recycling rate structures.

April 12, 2007