Senate Bill 481

Sponsored by Senators VERGER, COURTNEY

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Creates Beverage Product Stewardship Board. Transfers duties of Oregon Liquor Control Commission relating to beverage container collection and refund to board.

Expands type of beverage containers subject to deposit provisions. Increases deposit amount. Eliminates role of manufacturer and distributor in collection and refund of deposit.

Allows dealer to refuse to accept beverage container if dealer is within redemption convenience zone of redemption center.

Provides that dealers send deposits on beverage containers to board to be deposited in Beverage Product Deposit Fund. Creates Beverage Product Deposit Fund. Continuously appropriates moneys in fund to board. Directs board to return refund value of beverage container and handling fee to redemption center or dealer who pays refund value to consumer. Appropriates moneys to board from General Fund for initial costs. Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to beverage containers; creating new provisions; amending ORS 459.992, 459A.700,
459A.705, 459A.710, 459A.715, 459A.720, 459A.735, 459A.740 and 471.501; repealing ORS 459A.725
and 459A.730; appropriating money; and prescribing an effective date.
Be It Enacted by the People of the State of Oregon:
SECTION 1. Sections 2 to 6 of this 2007 Act are added to and made a part of ORS 459A.700
to 459A.740.
SECTION 2. (1) There is established the Beverage Product Stewardship Board consisting
of seven members appointed by the Governor.
(2) The term of office of each member is four years, but a member serves at the pleasure
of the Governor. Before the expiration of the term of a member, the Governor shall appoint
a successor whose term begins on January 1 next following. A member is eligible for reap-
pointment. If there is a vacancy for any cause, the Governor shall make an appointment to
become immediately effective for the unexpired term.
(3) The members of the board shall be persons who are well informed on matters relating
to recycling markets, the beverage industry, local governments, environmental advocacy,
solid waste collection and disposal or retail beverage sales. In making appointments to the
board, the Governor shall appoint members so that the board represents a broad range of
interests.

(4) The appointment of a member to the board is subject to confirmation by the Senate 20 21in the manner prescribed in ORS 171.562 and 171.565.

22(5) A member of the board is entitled to compensation and expenses as provided in ORS 292.495. 23

24 SECTION 3. Notwithstanding the term of office specified by section 2 of this 2007 Act, 25of the members first appointed to the Beverage Product Stewardship Board:

(1) Two shall serve for terms ending January 1, 2009. 1 2 (2) Two shall serve for terms ending January 1, 2010. (3) Three shall serve for terms ending January 1, 2011. 3 SECTION 4. (1) The Beverage Product Stewardship Board shall select one of its members 4 as chairperson and another as vice chairperson, for such terms and with duties and powers 5 necessary for the performance of the functions of the offices as the board determines. 6 (2) A majority of the members of the board constitutes a quorum for the transaction of 7 business. 8 9 (3) The vote of a majority of the quorum is necessary for official action. SECTION 5. The Beverage Product Stewardship Board shall meet at least once every 10 three months at a place, day and hour determined by the board. The board shall also meet 11 12 at other times and places specified by the call of the chairperson or of a majority of the members of the board. 13 SECTION 6. (1) The Beverage Product Stewardship Board shall have the following duties: 14 15 (a) Certifying redemption centers and establishing redemption convenience zones; (b) Administering the collection and return of beverage container deposits and refunds; 16 17 and 18 (c) Promoting the development of markets for the recycling of beverage containers. 19 (2) In accordance with the applicable provisions of ORS chapter 183, the board may adopt rules necessary for the administration of ORS 459A.700 to 459A.740. Specifically, the board 20may adopt rules: 2122(a) Establishing guidelines, procedures and standards for the certification of redemption 23centers, including: (A) The method of applying for certification; 24 (B) Criteria for certifying and decertifying a redemption center; 25(C) Building or receptacle requirements for redemption centers; and 2627(D) Minimum hours of operation of redemption centers. (b) Establishing fees for the application for certification of a redemption center. 28(c) Establishing criteria and guidelines for the establishment of redemption convenience 2930 zones. 31 SECTION 7. The duties, functions and powers of the Oregon Liquor Control Commission relating to beverage containers and the implementation of ORS 459A.700 to 459A.740 are im-32posed upon, transferred to and vested in the Beverage Product Stewardship Board. 33 34 SECTION 8. (1) The Oregon Liquor Control Commission shall: (a) Deliver to the Beverage Product Stewardship Board all records and property within 35the jurisdiction of the Oregon Liquor Control Commission that relate to the duties, functions 36 37 and powers transferred by section 7 of this 2007 Act; and (b) Transfer to the Beverage Product Stewardship Board those employees engaged pri-38 marily in the exercise of the duties, functions and powers transferred by section 7 of this 39 2007 Act. 40 (2) The Beverage Product Stewardship Board shall take possession of the records and 41 property, and shall take charge of the employees and employ them in the exercise of the 42 duties, functions and powers transferred by section 7 of this 2007 Act, without reduction of 43 compensation but subject to change or termination of employment or compensation as pro-44 vided by law. 45

1 (3) The Governor shall resolve any dispute between the Oregon Liquor Control Commis-2 sion and the Beverage Product Stewardship Board relating to transfers of records, property 3 and employees under this section, and the Governor's decision is final.

SECTION 9. (1) The unexpended balances of amounts authorized to be expended by the 4 Oregon Liquor Control Commission for the biennium beginning July 1, 2007, from revenues 5 dedicated, continuously appropriated, appropriated or otherwise made available for the pur-6 pose of administering and enforcing the duties, functions and powers transferred by section 7 7 of this 2007 Act are appropriated and transferred to and are available for expenditure by 8 9 the Beverage Product Stewardship Board for the biennium beginning July 1, 2007, for the purpose of administering and enforcing the duties, functions and powers transferred by sec-10 tion 7 of this 2007 Act. 11

(2) The expenditure classifications, if any, established by Acts authorizing or limiting
 expenditures by the Oregon Liquor Control Commission remain applicable to expenditures
 by the Beverage Product Stewardship Board under this section.

15 <u>SECTION 10.</u> The transfer of duties, functions and powers to the Beverage Product 16 Stewardship Board by section 7 of this 2007 Act does not affect any action, proceeding or 17 prosecution involving or with respect to such duties, functions and powers begun before and 18 pending at the time of the transfer, except that the Beverage Product Stewardship Board is 19 substituted for the Oregon Liquor Control Commission in the action, proceeding or prose-20 cution.

<u>SECTION 11.</u> (1) Nothing in sections 7 to 13 of this 2007 Act relieves a person of a liability, duty or obligation accruing under or with respect to the duties, functions and powers transferred by section 7 of this 2007 Act. The Beverage Product Stewardship Board may undertake the collection or enforcement of any such liability, duty or obligation.

(2) The rights and obligations of the Oregon Liquor Control Commission legally incurred under contracts, leases and business transactions executed, entered into or begun before the operative date of section 7 of this 2007 Act accruing under or with respect to the duties, functions and powers transferred by section 7 of this 2007 Act are transferred to the Beverage Product Stewardship Board. For the purpose of succession to these rights and obligations, the Beverage Product Stewardship Board is a continuation of the Oregon Liquor Control Commission and not a new authority.

SECTION 12. Notwithstanding the transfer of duties, functions and powers by section 7 32of this 2007 Act, the rules of the Oregon Liquor Control Commission with respect to such 33 34 duties, functions or powers that are in effect on the operative date of section 7 of this 2007 Act continue in effect until superseded or repealed by rules of the Beverage Product 35Stewardship Board. References in such rules of the Oregon Liquor Control Commission to 36 37 the Oregon Liquor Control Commission or an officer or employee of the Oregon Liquor 38 Control Commission are considered to be references to the Beverage Product Stewardship Board or an officer or employee of the Beverage Product Stewardship Board. 39

40 <u>SECTION 13.</u> Whenever, in any uncodified law or resolution of the Legislative Assembly 41 or in any rule, document, record or proceeding authorized by the Legislative Assembly, in 42 the context of the duties, functions and powers transferred by section 7 of this 2007 Act, 43 reference is made to the Oregon Liquor Control Commission, or an officer or employee of 44 the Oregon Liquor Control Commission, whose duties, functions or powers are transferred 45 by section 7 of this 2007 Act, the reference is considered to be a reference to the Beverage

Product Stewardship Board or an officer or employee of the Beverage Product Stewardship 1 2 Board who by this 2007 Act is charged with carrying out such duties, functions and powers. SECTION 14. ORS 459A.700 is amended to read: 3 459A.700. As used in ORS [459.992 (3) and (4) and] 459A.700 to 459A.740, unless the context re-4 quires otherwise: $\mathbf{5}$ (1) "Beverage" means [beer or other malt beverages and mineral waters, soda water and similar 6 carbonated soft drinks] a drink in liquid form and intended for human consumption, other than 7 milk, medicine or flavorings. 8 9 (2) "Beverage container" means [the] an individual, separate, sealed glass, metal or plastic bot-10 tle, can[,] or jar[, or carton containing a beverage] that: 11 (a) Holds more than seven fluid ounces and less than one gallon; and 12(b) Contains a beverage. 13 [(3) "Commission" means the Oregon Liquor Control Commission.] [(4)] (3) "Consumer" means every person who purchases a beverage in a beverage container for 14 15 use or consumption. 16 [(5)] (4) "Dealer" means every person in this state who engages in the sale of beverages in 17 beverage containers to a consumer[, or means a redemption center certified under ORS 459A.735]. 18 [(6) "Distributor" means every person who engages in the sale of beverages in beverage containers to a dealer in this state including any manufacturer who engages in such sales.] 19 [(7)] (5) "In this state" means within the exterior limits of the State of Oregon and includes all 20territory within these limits owned by or ceded to the United States of America. 2122[(8) "Manufacturer" means every person bottling, canning or otherwise filling beverage containers for sale to distributors or dealers.] 23[(9) "Place of business of a dealer" means the location at which a dealer sells or offers for sale 24 beverages in beverage containers to consumers.] 25[(10) "Use or consumption" includes the exercise of any right or power over a beverage incident to 2627the ownership thereof, other than the sale or the keeping or retention of a beverage for the purposes of sale.] 28SECTION 15. ORS 459A.705 is amended to read: 2930 459A.705. [(1) Except as provided in subsection (2) of this section,] Every beverage container sold 31 at retail or offered for retail sale to a consumer in this state shall have a deposit value of 13 cents and a refund value of [not less than five] 10 cents. 32[(2) Every beverage container certified as provided in ORS 459A.725, sold or offered for sale in this 33 34 state, shall have a refund value of not less than two cents.] SECTION 16. ORS 459A.710 is amended to read: 35459A.710. Except as provided in ORS 459A.715: 36 37 (1) A dealer [shall] may not refuse to accept from any person any empty beverage containers of the kind, size and brand sold by the dealer, or refuse to pay to that person the refund value of 38 a beverage container as established by ORS 459A.705. 39 [(2) A distributor shall not refuse to accept from a dealer any empty beverage containers of the 40 kind, size and brand sold by the distributor, or refuse to pay the dealer the refund value of a beverage 41 container as established by ORS 459A.705.] 42 (2) A redemption center may not refuse to accept from any person any empty beverage 43 container or refuse to pay to that person the refund value of a beverage container as es-44 tablished by ORS 459A.705. 45

 SB 481

1	SECTION 17. ORS 459A.715 is amended to read:
2	459A.715. (1) A dealer or redemption center may refuse to accept from any person[, and a
3	distributor may refuse to accept from a dealer,] any empty beverage container that does not state
4	thereon a refund value as established by ORS 459A.705.
5	(2) A dealer may refuse to accept and to pay the refund value of:
6	(a) Empty beverage containers if the place of business of the dealer [and the kind and brand of
7 8	empty beverage containers are included in an order of the Oregon Liquor Control Commission approving a redemption center under ORS 459A.735] is located within the redemption convenience
9	zone of a redemption center as established in section 27 of this 2007 Act.
10	(b) Any beverage container visibly containing or contaminated by a substance other than water,
11	residue of the original contents or ordinary dust.
12	(c) More than 144 individual beverage containers returned by any one person during one day.
13	(d) Any beverage container that is damaged to the extent that the brand appearing on the con-
14	tainer cannot be identified.
15	(3) A redemption center may refuse to accept and to pay the refund value of any
16	beverage container visibly containing or contaminated by a substance other than water,
17	residue of the original contents or ordinary dust.
18	[(3)] (4) In order to refuse containers under subsection (2)(b), (c) or (d) of this section, the dealer
19	must post in each area where containers are received a clearly visible and legible sign containing
20	the following information:
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22	
23	NOTICE:
24	
25	Oregon Law allows a dealer to refuse to accept:
26	1. Beverage containers visibly containing or contaminated by a substance other than water,
27	residue of the original contents or ordinary dust;
28	2. More than 144 individual beverage containers from any one person during one day; or
29	3. Beverage containers that are damaged to the extent that the brand appearing on the con-
30	tainer cannot be identified.
31	
32	
33	SECTION 18. ORS 459A.720 is amended to read:
34	459A.720. (1) Every beverage container sold or offered for sale in this state by a dealer shall
35	clearly indicate by embossing or by a stamp, or by a label or other method securely affixed to the
36	beverage container, the deposit and refund value of the container.
37	[(2) Subsection (1) of this section shall not apply to glass beverage containers designed for
38	beverages having a brand name permanently marked thereon which, on October 1, 1972, had a refund
39	value of not less than five cents.]
40	[(3)] (2) [No person shall] A person may not sell or offer for sale at retail in this state any
41	metal beverage container so designed and constructed that a part of the container is detachable in
42	opening the container without the aid of a can opener.
43	[(4)] (3) [On or after March 1, 1979, no person shall] A person may not sell or offer for sale at
44	retail in this state, in addition to beverages as defined in ORS 459A.700 (1), any beverage in liquid
45	form intended for human consumption in any beverage container so designed and constructed that

[5]

a metal part of the container is detachable in opening the container through use of a metal ring or
tab without the aid of a can opener. However, nothing in this subsection shall prohibit the sale of
a container the only detachable part of which is a piece of pressure sensitive tape.

4 [(5)] (4) [No person shall] A person may not sell or offer for sale at retail in this state metal 5 beverage containers connected to each other by a separate holding device constructed of plastic 6 rings or other material [which] that will not decompose by photobiodegradation, chemical degrada-7 tion, or biodegradation within 120 days of disposal.

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SECTION 19. ORS 459A.735 is amended to read:

9 459A.735. (1) To facilitate the return of empty beverage containers and to serve dealers of 10 beverages, any person may establish a redemption center, subject to the approval of the [Oregon 11 Liquor Control Commission] Beverage Product Stewardship Board, at which any person may re-12 turn empty beverage containers and receive payment of the refund value of such beverage contain-13 ers.

(2) Application for approval of a redemption center shall be filed with the [commission] board. The application shall state the name and address of the person responsible for the establishment and operation of the redemption center[, the kind and brand names of the beverage containers which will be accepted at the redemption center] and the names and addresses of the dealers [to be served by the redemption center] within a one-mile radius of the proposed center. The application shall include such additional information as the [commission] board may require.

[(3) The commission shall approve a redemption center if it finds the redemption center will provide a convenient service to persons for the return of empty beverage containers. The order of the commission approving a redemption center shall state the dealers to be served by the redemption center and the kind and brand names of empty beverage containers which the redemption center must accept. The order may contain such other provisions to insure the redemption center will provide a convenient service to the public as the commission may determine.]

(3) The board may approve and certify a redemption center if the board finds that the
 redemption center:

(a) Will provide a convenient service to persons for the return of empty beverage con tainers;

30 (b) Submits a plan of operation that is approved by the board;

(c) Agrees to comply with all requirements of the board pertaining to siting, location,
 maintenance, hours and types of recycling allowed; and

(d) Agrees to comply with all auditing and financial obligations established by rule by the
 board.

(4) The [commission] board may review at any time approval of a redemption center. After written notice to the person responsible for the establishment and operation of the redemption center, and to the dealers served by the redemption center, the [commission] board may, after hearing, [withdraw approval of] decertify a redemption center if the [commission] board finds there has not been compliance with its order approving the redemption center, or if the redemption center no longer provides a convenient service to the public.

41 (5) Nothing in this section prohibits a dealer from applying for certification as a re-42 demption center.

43 SECTION 20. ORS 459A.740 is amended to read:

44 459A.740. The procedures for certification or [*withdrawal*] decertification provided for in ORS
45 [459A.725 to] 459A.735 shall be in accordance with ORS chapter 183.

SECTION 21. ORS 459.992 is amended to read: 459.992. (1) The following are Class A misdemeanors:

3 (a) Violation of rules or ordinances adopted under ORS 459.005 to 459.105 and 459.205 to 459.385.

4 (b) Violation of ORS 459.205.

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5 (c) Violation of ORS 459.270.

6 (d) Violation of ORS 459A.080.

7 (e) Violation of ORS 459.272.

8 (2) Each day a violation referred to by subsection (1) of this section continues constitutes a 9 separate offense. Such separate offenses may be joined in one indictment or complaint or information 10 in several counts.

11 [(3) Violation of ORS 459A.705, 459A.710 or 459A.720 is a Class A misdemeanor.]

12 [(4) In addition to the penalty prescribed by subsection (3) of this section, the Oregon Liquor Con-13 trol Commission or the State Department of Agriculture may revoke or suspend the license of any 14 person who willfully violates ORS 459A.705, 459A.710 or 459A.720, who is required by ORS chapter

15 471 or 635, respectively, to have a license.]

16 **SECTION 22.** ORS 471.501 is amended to read:

471.501. Nothing in this chapter prevents a brewery licensed under ORS 471.220 or a brewerypublic house licensed under ORS 471.200 from establishing a refund value for malt beverage containers under the provisions of ORS 459A.705 that is in excess of [*five*] **10** cents per container for the purpose of encouraging purchasers to return the containers directly to the brewery or brewery-public house. A refund value in excess of [*five*] **10** cents per container may be paid under this section only to persons who are not licensed under this chapter and who return the containers directly to the brewery or brewery-public house.

24 <u>SECTION 23.</u> Sections 24 to 28 of this 2007 Act are added to and made a part of ORS 25 459A.700 to 459A.740.

26 <u>SECTION 24.</u> (1) Each dealer shall pay to the Beverage Product Stewardship Board an 27 amount equal to the deposit value of each beverage container sold by the dealer.

(2) Payment by the dealer shall be made on or before the 20th day of the month following
the month during which the beverage container was sold.

(3) If the board is unable to collect the deposits owed under this section, the board may
 request that the Director of the Department of Revenue and the Department of Revenue
 have authority to collect the deposits in the same manner provided for the collection of in come taxes by ORS chapters 305 and 314.

(4) The board may request tax information and financial records necessary to perform
 audits and examinations to verify deposit-related information submitted by dealers. All in formation received pursuant to this subsection is confidential and exempt from public dis closure under ORS 192.410 to 192.505.

(5) All moneys received by the board under this section shall be deposited into the
 Beverage Product Deposit Fund established in section 28 of this 2007 Act.

40 <u>SECTION 25.</u> (1) As used in this section, "handling fee" means an amount equal to 1.5 41 cents for each beverage container handled by a dealer or redemption center.

42 (2) A dealer or redemption center that has paid the refund value of a beverage container
43 to a person returning a beverage container to the dealer or redemption center may file a
44 claim with the Beverage Product Stewardship Board for a return of the refund value plus a
45 handling fee.

[7]

1 (3) A claim shall be filed on or before the 20th day of the month following the month of 2 payment of the refund value. The claim shall contain the information and be in a form re-3 quired by the board by rule. The claim shall be substantiated by any documentation or in-4 formation that is required by the board. The board may for good cause extend the time for 5 making a claim under this section. If a claim is not filed or if an extension is not granted, 6 a refund may not be paid by the board for the period in question.

7 (4) Upon examination of a claim, the board may allow, adjust or deny the claim. If the 8 claim is allowed in whole or in part, the board shall refund the amount allowed to the dealer 9 or redemption center that filed the claim. The claim shall be paid out of the Beverage 10 Product Deposit Fund established in section 28 of this 2007 Act.

(5) The board may request that the Director of the Department of Revenue and the Department of Revenue have authority to utilize the provisions of ORS chapters 305 and 314 relating to audit and examination of returns, determinations of deficiencies, assessments and claims for refund and the related procedures to determine the accuracy and veracity of claims made under this section.

16 <u>SECTION 26.</u> Claims for refund under section 25 of this 2007 Act may first be made with 17 respect to beverage containers for which a dealer or redemption center has paid the refund 18 value on or after January 1, 2008.

19 <u>SECTION 27.</u> (1) At the time the Beverage Product Stewardship Board certifies a re-20 demption center under ORS 459A.735, the board shall also establish the redemption conven-21 ience zone for the redemption center. The zone shall include the area within a one-mile 22 radius of the redemption center. However, if the board determines that the redemption cen-23 ter:

(a) Has a capacity to conveniently serve an area outside the one-mile radius of the re demption center, the board may enlarge the zone.

(b) Has a limited capacity and cannot conveniently serve the area within a one-mile ra dius of the redemption center, the board may reduce the zone to the area that the redemp tion center can serve.

(2) If a redemption convenience zone is modified under subsection (1) of this section, the
 board shall notify each dealer that may be affected by the enlargement or reduction of the
 zone.

32 <u>SECTION 28.</u> (1) The Beverage Product Deposit Fund is established in the State Treas-33 ury, separate and distinct from the General Fund.

(2) The Beverage Product Deposit Fund shall consist of all moneys appropriated to the
Beverage Product Stewardship Board by the Legislative Assembly and all moneys received
by the board from gifts, grants, bequests or endowments or pursuant to section 24 of this
2007 Act. Interest on the moneys in the fund shall be credited to the fund.

(3) The moneys in the fund are continuously appropriated to the board for the following
 purposes:

40 (a) Payment of beverage container refunds and handling fees pursuant to section 25 of
41 this 2007 Act.

42 (b) The promotion of market development activities for beverage containers collected by 43 redemption centers and dealers.

44 (c) Payment of administrative costs of the board.

45 SECTION 29. (1) Violation of any provision of ORS 459A.700 to 459A.740, or of any rule

adopted by the Beverage Product Stewardship Board under section 6 of this 2007 Act, is a
 Class A violation.

3 (2) The board may apply to any circuit court for an order compelling compliance with any 4 rule adopted by the board under section 6 of this 2007 Act. If the court finds that the de-5 fendant is not complying with any rule so adopted, the court shall grant an injunction re-6 quiring compliance. The court, on motion and affidavits, may grant a preliminary injunction 7 ex parte upon such terms as are just. The board need not give security before the issuance 8 of any injunction under this section.

<u>SECTION 30.</u> (1) There is appropriated to the Beverage Product Stewardship Board, for
 the biennium beginning July 1, 2007, out of the General Fund, the amount of \$______ for the
 purpose of carrying out the provisions of ORS 459A.700 to 459A.740.

12(2) When the board determines that moneys in sufficient amounts are available in the Beverage Product Deposit Fund established in section 28 of this 2007 Act, but in no event 13 later than June 30, 2010, the board shall reimburse the General Fund, without interest, in 14 15 an amount equal to the amount from the General Fund appropriated and expended as provided in subsection (1) of this section. The moneys used to reimburse the General Fund under 16 this subsection may not be considered as a budget item on which a limitation is otherwise 17 fixed by law, but shall be in addition to any specific biennial appropriations or amounts au-18 19 thorized to be expended from continuously appropriated moneys for any biennial period.

20 SECTION 31. ORS 459A.725 and 459A.730 are repealed.

 SECTION 32.
 Sections 1, 7 to 13 and 23 to 30 of this 2007 Act, the amendments to ORS

 459.992, 459A.700, 459A.705, 459A.710, 459A.715, 459A.720, 459A.735, 459A.740 and 471.501 by

 sections 14 to 22 of this 2007 Act and the repeal of ORS 459A.725 and 459A.730 by section 31

 of this 2007 Act become operative on January 1, 2008.

25 <u>SECTION 33.</u> This 2007 Act takes effect on the 91st day after the date on which the 26 regular session of the Seventy-fourth Legislative Assembly adjourns sine die.

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