2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2184 **STATUS:** A Engrossed
SUBJECT: Beverage Containers
GOVERNMENT UNIT AFFECTED: Department of Environmental Quality and Oregon Liquor Control Commission
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REVIEWED BY: Michelle Deister and Paul Siebert
DATE: March 27, 2009

		2009-2011		2011-2013
EXPENDITURES:				
Oregon Liquor Control Commission				
Personal Services – Other Funds (OF)	$	62,144	$	82,859
Services and Supplies - OF	$	9,600	$	4,500
Total Other Fund Expenditures	$	71,744	$	87,359

		2009-2011		2011-2013
REVENUES:				
General Fund Reduction	$	(40,177)	$	(48,941)
Reduce Revenue to Cities	$	(14,349)	$	(17,472)
Reduced Revenues to Counties	$	(7,174)	$	(8,736)
Reduced Revenues to DAS	$	(10,044)	$	(12,230)
Total	$	(71,744)	$	(87,359)

	2009-2011	2011-2013
POSITIONS / FTE:		
Administrative Specialist 1	1.0/0.75	1.0/1.0

EFFECTIVE DATE: January 1, 2010, see comments for operative dates.

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 establishes a beverage container return rate goal of at least 80 percent to be achieved by 2015; adds deposit to sports drinks, coffee, tea, juice and other non-carbonated beverage containers effective January 1, 2013; authorizes the Oregon Liquor Control Commission (OLCC) to establish standards for redemption centers; directs OLCC to appoint an advisory committee to provide input and recommendations in regard to redemption of beverage containers; authorizes OLCC to adopt rules on standards; and, directs the Department of Environmental Quality (DEQ) to report to the 79th Legislative Assembly no later than February 1, 2017 on annual container return rates, success in achieving return rate goal, if state-run redemption centers are necessary and collecting and using unredeemed deposits.

Senate Bill 707 (2007) created the Bottle Bill Task Force. At the time, the Oregon Liquor Control Commission (OLCC) anticipated that this work would have a minimal impact on the agency. Prior to the passage of this bill OLCC had a cumulative investment of less than one staff person working on bottle bill issues. Over the 2007-09 biennium the agency has experienced increased bottle bill complaints, provided educational materials to distributors about changes, participated in Task Force meetings, formed an internal 12 member staff work group, worked extensively with external stakeholders, and developed preliminary concepts related to standards and site requirements for redemption centers. The cumulative staff investment in these activities is estimated to be approximately 3 FTE over the 2007-09 biennium. While many of these activities were not directed by SB 707, they were the direct result of implementation of this bill. This unanticipated dedication of staff resources has been assumed with existing resources, however, it has taken staff time away from license processing and regulation and enforcement of the alcoholic beverage industry.

The agency assumes that HB 2184 will require that the agency continue this current level of investment, which is well beyond the minimal investment that was originally envisioned for SB 707. Further OLCC indicates that they will hire a limited duration Administrative Specialist through the 2011-13 biennium to support the advisory committee and deal with increased complaints resulting from anticipated changes in beverage redemption practices. This assumes that the advisory committee will meet monthly, at least initially, but that its support needs will be declining as complaints increase during the time leading up to and after the addition of sports drinks, coffee, tea, juice and other non-carbonated beverage containers in January 1, 2013. The bill is ambiguous about whether OLCC will be reimbursing members of the advisory committee for travel expenses; this fiscal assumes these expenses will not be reimbursed.

OLCC operations are supported by proceeds from the sales of distilled spirits, licensing fees, and privilege taxes on beer and wine. The amounts remaining after paying agency operating expenses (including liquor agents compensation and purchases of distilled spirits) are distributed to the state General Fund and to cities, counties, the Oregon wine board and Mental Health Account per statutory formula. Thus, any additional agency expenditures would mean less revenue to these accounts.

The Department of Environmental Quality indicates that their costs associated with the bill is minimal and can be absorbed with existing resources. DEQ has for many years devoted a portion of its solid waste policy staff time to bottle bill issues, so the department indicates that the annual determination of the beverage container return rate can easily be accommodated within existing reporting process. In fact, since there is now a statewide distributor co-op, DEQ indicates that they may be able to report this information with less work than would have been required in the past. Regarding the requirement that DEQ report to the Legislature in January 1, 2017, DEQ anticipates that this will require a small amount of additional staff time to gather information, prepare recommendations and write the report. Assuming that resources remain the same as they are today, DEQ anticipates that this work can also be absorbed with existing resources.