

SB 247 B STAFF MEASURE SUMMARY
House Committee On Energy and Environment

Carrier: Rep. Williams

Action Date: 05/21/19
Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)
Vote: 8-0-1-0
Yeas: 8 - Findley, Helm, Reschke, Salinas, Sollman, Wilde, Williams, Zika
Exc: 1 - Schouten
Fiscal: Fiscal impact issued
Revenue: No revenue impact
Prepared By: Misty Freeman, LPRO Analyst
Meeting Dates: 5/7, 5/21

WHAT THE MEASURE DOES:

Defines "kombucha" as a fermented tea containing not more than 21 percent alcohol by volume. Adds kombucha to the list of beverages covered by provisions of the Bottle Bill (ORS 459A.700-459A.740). Defines "hard seltzer" as a sugar-based alcoholic beverage that contains carbonated water or any malt-based alcoholic beverage that contains carbonated water but is not a malt beverage. Adds hard seltzer to the list of beverages covered by provisions of the Bottle Bill. Clarifies that "wine" does not mean kombucha or hard seltzer. Establishes the refund value of not less than ten cents for beverage containers holding kombucha or hard seltzer and gives manufacturer until January 1, 2021 to indicate the refund value on the beverage container, until which time kombucha and hard seltzer beverage containers may be returned for refund regardless of whether the refund value is indicated on the container. Extends civil penalty provisions in ORS 459A.717 to distributor or importer in violation of ORS 459A.718. Requires a person responsible for the operation of one or more redemption centers to register with the Oregon Liquor Control Commission (OLCC) by July 1 each year and to pay an annual \$3,000 registration fee for each redemption center the person is responsible for operating. Clarifies that registration fee does not apply to a BottleDrop Express or similar redemption center or, upon passage of Senate Bill 93 A, a dealer redemption center. Establishes that, upon passage of Senate Bill 93 A, redemption center rules in ORS 459A.737, including limits on the number of beverage container refunds per day per person, apply to full-service redemption centers and not to dealer redemption centers. Establishes the Bottle Bill Fund (Fund), authorizes registration fees to be deposited into the Fund, and authorizes moneys in the Fund to be used by OLCC to carry out provisions of the Bottle Bill. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Oregon Beverage Recycling Cooperative fee proposal to fund additional Bottle Bill staff at OLCC
- Bottle Bill covers kombucha but not hard kombucha or hard seltzer
- Measure would make Bottle Bill penalties the same for dealers and retailers

EFFECT OF AMENDMENT:

Defines "hard seltzer" as a sugar-based alcoholic beverage that contains carbonated water or any malt-based alcoholic beverage that contains carbonated water but is not a malt beverage. Clarifies that "wine" does not mean kombucha or hard seltzer. Adds hard seltzer to the list of beverages covered by provisions of the Bottle Bill. Establishes the refund value of not less than ten cents for beverage containers holding kombucha or hard seltzer and gives manufacturers until January 1, 2021 to indicate the refund value on the beverage container, until which time kombucha and hard seltzer beverage containers may be returned for refund regardless of whether the refund value is indicated on the container. Extends civil penalty provisions in ORS 459A.717 to distributor or importer in violation of ORS 459A.718. Clarifies that registration fee does not apply to a BottleDrop Express or similar redemption center or, upon passage of Senate Bill 93 A, a dealer redemption center. Establishes that, upon

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passage of Senate Bill 93 A, redemption center rules in ORS 459A.737, including limits on the number of beverage container refunds per day per person, apply to full-service redemption centers and not to dealer redemption centers. Takes effect on the 91st day following adjournment sine die.

BACKGROUND:

In 1971, Oregon enacted the "Bottle Bill," which is the nation's longest-standing deposit law. In 2007, the legislature expanded coverage of the five cent beverage container deposit to include water and flavored water. In 2011, the legislature passed House Bill 3145, expanding the types of beverage containers subject to the deposit to include juices, teas, and more; the measure also set a trigger for the deposit to increase to 10 cents if the recycling rate fell below 80 percent for two consecutive years, and set up a redemption center pilot project. In 2012, the legislature passed Senate Bill 1508 to provide incentives for a more efficient system for distributors to collect empty containers from stores. In 2013, Senate Bill 117 modified the redemption center program by removing its status as a pilot program and authorizing the Oregon Liquor Control Commission (OLCC) to approve additional centers. The redemption centers - known as "BottleDrops" - are operated and funded by the Oregon Beverage Recycling Cooperative in partnership with grocery retailers. In 2018, the legislature expanded the program to include a variety of other products such as energy drinks, coffee and tea drinks, and regular kombucha.

Senate Bill 247 B would add hard kombucha and hard seltzer to the list of beverages covered by the Bottle Bill and would require redemption center operators to submit an annual registration form and fee to the OLCC.