

DATE: 5/22/2012
TO: Interested Parties
FROM: Viola Bay Wild, Senior Fiscal Analyst
RE: Michigan Bottle Deposit Law Program

The following is in response to your request for information concerning the revenues to Michigan from the Michigan Bottle Deposit Law Program.

Michigan Bottle Deposit Law

The Michigan Beverage Containers Initiated Law of 1976 (MCL 445.571 through 445.576), commonly known as the Bottle Deposit Law, established the Michigan Bottle Deposit program. The Department of Treasury administers the program. Michigan is one of eleven states with a beverage container deposit law.

The Department of Treasury collects information concerning the amount of bottle deposits collected by retailers and the amount of bottles that are returned. The difference between these two amounts constitutes the unclaimed deposits and that revenue reverts to the State and is collected from retailers by Treasury.

According to Treasury, from 1990 through 2008, \$7.71 billion has been collected by retailers for deposits on the products sold in Michigan. Of that amount, only \$7.49 billion was refunded back to the consumers. The average return rate during these years was 97.27%.

By law, twenty-five percent of the funding from these unclaimed deposits is returned to the retailers and seventy-five percent is deposited into the Cleanup and Redevelopment Trust Fund, which was created in PA 384 of 1996. The funding that is deposited into the Cleanup and Redevelopment Trust Fund is required to be directed to the following funds within the Department of Environmental Quality:

- 80 % deposited into the Cleanup and Redevelopment Fund
- 10 % deposited into the Community Pollution Prevention Fund
- 10% remains in the Trust Fund (until a total of \$200 million is deposited)

The **Cleanup and Redevelopment Fund** is used to fund the cleanup and the redevelopment of specific contaminated sites in Michigan. The **Community Pollution Prevention Fund** provides grants to local units of government (municipalities, county health departments, and regional planning agencies) for projects that reduce the production of wastes in communities and for programs that educate the public on pollution prevention methods, technologies and processes.

State Revenue from Unclaimed Bottle Deposits

The table below provides information from the Michigan Department of Treasury concerning the revenue from unclaimed bottle deposits from 1997 through 2010. The amount of unclaimed deposits received in those 14 years totals \$214.8 million. Of that amount, \$53.7 million (25%) was distributed to retailers and \$161.1 million (75%) to the three DEQ funds listed above. According to Treasury, in the table below, the balance in the Trust Fund is lower than the amount of revenue deposited because of borrowing activity that has occurred.

As the table below shows, in **2007, 2008, 2009, and 2010**, the State received a total of \$55.2 million from unclaimed deposits. Of that amount, **\$41.4 million (75%) was directed to State funds** and \$13.8 million (25%) was returned to the retailers.

