



February 21, 2024

RE: Bottle Bill Operations and Investment

Dear Representative:

In 1976, Michigan voters passed a citizen's initiative to create the Beverage Container Act, commonly called the Bottle Bill. Under the law, a 10-cent deposit is required to be added to every returnable beverage container.

Almost overnight, Michigan distributors were required to build the infrastructure to pick up, process, and recycle returned containers. To help offset the costs of this investment, the voter-passed initiative reimbursed distributors through unclaimed deposits, which are the 10-cent deposits on containers not returned by the consumer. During the first 13 years of the Bottle Bill, unclaimed deposits were used by distributors to build infrastructure and operate the program on behalf of the State. The unclaimed deposits helped offset labor costs; tractor-trailers; warehouse construction; can and bottle cleaning systems; sorting systems; can compacting, glass crushing and plastic shredding equipment; retail pick-ups and storage containers; and transportation costs.

Unfortunately, in 1989 the Legislature diverted the unclaimed deposits to what is now referred to as the Department of Environment, Great Lakes, and Energy (DEGLE) and Michigan retailers. DEGLE receives 75% of unclaimed deposits, and Michigan retailers receive the remaining 25%. DEGLE uses the funds to clean up abandoned sites across Michigan that were polluted by unrelated industries. None of the money is invested in infrastructure or operating expenses of the Bottle Bill system born by distributors.

In 2008, the Legislature and Governor recognized the need to reinvest in the bottle bill. A tax credit was created for distributors that equaled 28.5% of their costs associated with operating the bottle bill. When the Michigan Business Tax was eliminated in 2011 the credit went along with it.

The time is now for sustained investment in the Bottle Bill. It is not reasonable to expect Michigan distributors to recycle approximately 2 billion containers per year on behalf of the State of Michigan, costing over \$60 million annually and rising.

**Please support the bottle bill and your local distributors by co-sponsoring legislation authored by Representative Snyder to provide Michigan beer and soft drink distributors a tax credit equal to ½ cent per returnable container sold. Sustained reinvestment in the bottle bill is necessary to maintain infrastructure and ensure the system operates efficiently and effectively.**

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