

**SUBSTITUTE FOR
SENATE BILL NO. 1648**

A bill to provide state payments to reverse vending machine manufacturers for the cost of retrofitting certain reverse vending machines; to provide money to certain dealers for the purchase of certain new reverse vending machines; to create the beverage container redemption antifraud fund; and to provide for the powers and duties of certain state governmental officers and entities.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "beverage container redemption antifraud act".

3 Sec. 3. As used in this act:

4 (a) "Beverage container law" means 1976 IL 1, MCL 445.571 to
5 445.576.

6 (b) "Dealer" means that term as defined in section 1 of the

1 beverage container law, MCL 445.571.

2 (c) "Department" means the department of treasury.

3 (d) "Designated glass container", "designated metal
4 container", and "designated plastic container" mean those terms as
5 defined in the reverse vending machine antifraud act.

6 (e) "Fund" means the beverage container redemption antifraud
7 fund created in section 7.

8 (f) "Install vision technology" means to equip an existing,
9 new, or replacement reverse vending machine with vision technology
10 for designated metal, plastic, or glass containers, including all
11 reasonable and necessary technology, equipment, hardware, software,
12 and labor, and 1 year of service directly related to the vision
13 technology by the reverse vending machine vendor.

14 (g) "Overredeemer" means that term as defined in section 3b of
15 the beverage container law, MCL 445.573b.

16 (h) "Retrofit" means to install vision technology for
17 designated metal, plastic, or glass beverage containers in an
18 existing, new, or replacement reverse vending machine.

19 (i) "Reverse vending machine" means that term as defined in
20 the reverse vending machine antifraud act.

21 (j) "Reverse vending machine manufacturer" means that term as
22 defined in the reverse vending machine antifraud act.

23 (k) "Vision technology" means that term as defined in the
24 reverse vending machine antifraud act.

25 Sec. 5. (1) The department shall pay reverse vending machine
26 manufacturers to retrofit reverse vending machines to comply with
27 the reverse vending machine antifraud act.

1 (2) A reverse vending machine manufacturer that has agreed to
2 retrofit a dealer's reverse vending machines to comply with the
3 reverse vending machine antifraud act shall submit a written
4 application to the department for payment to retrofit the dealer's
5 reverse vending machines. All of the following apply to the
6 application for payment described in this subsection:

7 (a) The department shall prescribe the form of the
8 application.

9 (b) A reverse vending machine manufacturer may only submit an
10 application for retrofitting a dealer's reverse vending machines
11 and receive payment under this act if the dealer is required to
12 retrofit those reverse vending machines under the reverse vending
13 machine antifraud act.

14 (c) An application submitted to the department shall include
15 all of the following:

16 (i) Contact information for the reverse vending machine
17 manufacturer, the number of reverse vending machines to be
18 retrofitted by the manufacturer, the serial numbers of those
19 machines, where those machines are located, the name and contact
20 information of the dealer that owns or leases those machines, a
21 copy of the dealer's purchase order for the retrofitting of those
22 machines, the street address and county where those machines will
23 be in operation after they are retrofitted, and any other
24 information required by the department.

25 (ii) The total cost of updating each reverse vending machine
26 described in the application to install vision technology.

27 (iii) The signature of a designated agent of the reverse vending

1 machine manufacturer, certifying that all of the contents of the
2 application are correct.

3 (iv) The signature of a designated agent of the dealer whose
4 reverse vending machines are to be retrofitted by the reverse
5 vending machine manufacturer, certifying that all of the contents
6 of the application are correct.

7 (d) A reverse vending machine manufacturer shall submit a
8 separate application for each location where a dealer operates
9 reverse vending machines.

10 (3) A reverse vending machine manufacturer that receives
11 payment under this act for retrofitting a reverse vending machine
12 manufacturer shall accept that payment as full payment for the
13 retrofitting of that machine.

14 (4) When a reverse vending machine manufacturer completes the
15 retrofitting of the reverse vending machine at a dealer's location,
16 the reverse vending machine manufacturer shall submit proof to the
17 department, in a form and manner prescribed by the department and
18 signed by a designated agent of the dealer, that the retrofitting
19 is complete.

20 (5) The department shall not require that a dealer or reverse
21 vending machine manufacturer retrofit a reverse vending machine to
22 meet the dealer requirements imposed in section 7(1) or 9(1) of the
23 reverse vending machine antifraud act unless the department first
24 establishes under this act that the dealer must install or retrofit
25 the reverse vending machines at a retail location in order to meet
26 the requirements of section 7(1) or 9(1) of the reverse vending
27 machine antifraud act and makes money available for that retrofit

1 under this act.

2 Sec. 6. (1) If a dealer establishes a new retail store in a
3 county of this state that borders another state, or in a county in
4 the Lower Peninsula that is contiguous with a county of this state
5 that borders another state, and acquires new reverse vending
6 machines for use in that store, the department shall pay the
7 reverse vending machine manufacturer to install vision technology
8 in those new reverse vending machines that meets the requirements
9 of the reverse vending machine antifraud act.

10 (2) All of the following apply if a dealer purchases new
11 reverse vending machines from a reverse vending machine
12 manufacturer for use in a new retail store in a county described in
13 subsection (1):

14 (a) The reverse vending machine manufacturer shall submit an
15 application for payment in the form prescribed by the department.
16 The reverse vending machine manufacturer shall include with the
17 application a copy of the dealer's purchase order for the new
18 reverse vending machines.

19 (b) A reverse vending machine manufacturer may not apply money
20 received under this subsection to the purchase price of a new
21 reverse vending machine that does not meet the requirements of the
22 reverse vending machine antifraud act.

23 (c) The dealer shall operate the new reverse vending machine
24 at the retail store for which it was acquired. However, if the
25 dealer ceases retail sale of beverages in beverage containers at
26 that new store, the dealer may move that reverse vending machine to
27 another location and operate the reverse vending machine at that

1 different location.

2 (d) The amount of a payment to a reverse vending machine
3 manufacturer under this section shall not exceed that part of the
4 price of the new reverse vending machine attributable to the cost
5 of installation of the machine's vision technology or \$5,000.00,
6 whichever is less. The reverse vending machine manufacturer must
7 reduce the purchase price of the new reverse vending machine to the
8 dealer by the amount of any payment to the reverse vending machine
9 manufacturer under this subdivision.

10 Sec. 7. (1) The beverage container redemption antifraud fund
11 is created in the state treasury. All of the following apply to the
12 fund:

13 (a) The state treasurer may receive money appropriated to the
14 fund or money or other assets from any other source for deposit
15 into the fund. The state treasurer shall direct the investment of
16 the fund. The state treasurer shall credit to the fund interest and
17 earnings from fund investments.

18 (b) Money in the fund at the close of the fiscal year shall
19 remain in the fund and shall not lapse to the general fund.

20 (c) The department is the administrator of the fund for
21 auditing purposes.

22 (d) The department shall expend money from the fund, upon
23 appropriation, only for purposes of this act, including, but not
24 limited to, administration of this act. However, the department may
25 not use more than 4% of the amount of money in the fund, or
26 \$100,000.00, whichever is less, for administration of this act.

27 (2) At any time after it begins to receive reports described

1 in section 13, but not later than 30 days after receiving all of
2 the reports described in section 13, the department shall
3 immediately begin to arrange with reverse vending machine
4 manufacturers for the retrofitting of reverse vending machines
5 under section 5 that are located in counties that border another
6 state and in counties in the Lower Peninsula that are contiguous
7 with a county of this state that borders another state. The
8 department shall also arrange for payments from the fund on behalf
9 of dealers eligible under section 6 for the acquisition of new
10 reverse vending machines for use in those counties.

11 (3) In allocating money from the fund for purposes of
12 subsection (2), the department shall do all of the following:

13 (a) Subject to subdivision (b), give priority to retrofitting
14 reverse vending machines under section 5 located in the counties
15 described in subsection (2), or for the acquisition of new reverse
16 vending machines under section 6 for use in those counties, that
17 it determines have the greatest potential benefit for reducing the
18 redemption of nonreturnable containers.

19 (b) Allocate at least 50% of the money in the fund to
20 retrofitting reverse vending machines located in counties that
21 border another state under section 5 or for the acquisition of new
22 reverse vending machines under section 6 for use in counties that
23 border another state.

24 (4) Beginning 1 year after the effective date of this act, the
25 department by September 1 of each year shall report to the
26 legislature on the progress it has made in reducing the redemption
27 of nonreturnable containers, including the total number of

1 distributors who were overreedemers in the immediately preceding
2 calendar year, before trading, as well as the average amount of
3 overredemption.

4 Sec. 9. (1) The amount of payment a reverse vending machine
5 manufacturer may receive under section 7 for retrofitting a single
6 reverse vending machine under section 5 is the total cost of
7 retrofitting that reverse vending machine or \$5,000.00, whichever
8 is less.

9 (2) A dealer that operates a reverse vending machine at a
10 location in a county of this state that borders another state, or
11 in a county in the Lower Peninsula that is contiguous with a county
12 of this state that borders another state, may elect to purchase or
13 lease a new reverse vending machine that meets the requirements of
14 the reverse vending machine antifraud act to replace that existing
15 reverse vending machine rather than have that existing reverse
16 vending machine retrofitted under section 5. All of the following
17 apply if a dealer purchases or leases a new reverse vending machine
18 from a reverse vending machine manufacturer under this subsection:

19 (a) The reverse vending machine manufacturer shall submit an
20 application for payment in the form prescribed by the department.
21 The reverse vending machine manufacturer shall include with the
22 application a copy of the dealer's purchase order for the new
23 reverse vending machine.

24 (b) A reverse vending machine manufacturer may not apply money
25 received under this subsection to the purchase price of a new
26 reverse vending machine that does not meet the requirements of the
27 reverse vending machine antifraud act.

1 (c) The dealer shall operate the new reverse vending machine
2 at the same location as the reverse vending machine it replaces.
3 However, if the dealer ceases retail sale of beverages in beverage
4 containers at that location, the dealer may move that reverse
5 vending machine to another location and operate the reverse vending
6 machine at that different location.

7 (d) The amount of a payment to a reverse vending machine
8 manufacturer under this section shall not exceed that part of the
9 price of the new reverse vending machine attributable to the cost
10 of installation of the machine's vision technology or \$5,000.00,
11 whichever is less. The reverse vending machine manufacturer must
12 reduce the purchase price of the new reverse vending machine to the
13 dealer by the amount of any payment to the reverse vending machine
14 manufacturer under this subdivision.

15 (e) The reverse vending machine manufacturer may not apply for
16 or receive payment under this act for retrofitting a reverse
17 vending machine if the reverse vending machine manufacturer
18 received money for a new reverse vending machine to replace that
19 existing reverse vending machine under this subsection.

20 (f) For purposes of this act, the department shall consider
21 the replacement of a reverse vending machine with a new reverse
22 vending machine under this section as a retrofitting of a reverse
23 vending machine.

24 Sec. 11. If the department determines that it has paid the
25 reverse vending machine manufacturers for retrofitting all of the
26 reverse vending machines located in the counties described in
27 section 7(2), and for the acquisition of any new reverse vending

1 machines under section 6 for use in those counties for which it has
2 received applications for payment, and the total of those payments
3 is less than the amount in the fund, the department shall
4 distribute the money remaining in the fund to dealers for the
5 purchase of new reverse vending machines. All of the following
6 apply to a payment of money under this section:

7 (a) A dealer requesting money under this section shall submit
8 an application for payment, in the form prescribed by the
9 department.

10 (b) A dealer shall only use money received under this section
11 to purchase a new reverse vending machine that meets the
12 requirement of the reverse vending machine antifraud act and that
13 the dealer will operate that reverse vending machine at a location
14 in this state.

15 (c) The amount of a payment to a dealer under this section
16 shall not exceed that part of the price of the new reverse vending
17 machine attributable to the cost of installation of the machine's
18 vision technology, as determined by the department.

19 (d) The department shall disburse money from the fund under
20 this section in the order in which it receives applications for
21 payment under this section.

22 Sec. 13. (1) No later than 60 days after the effective date of
23 this act, each dealer that operates reverse vending machines that
24 are located in any county of this state that borders another state,
25 or any county in the Lower Peninsula that is contiguous with a
26 county of this state that borders another state, shall submit a
27 report to the department.

1 (2) The report described in subsection (1) shall contain all
2 of the following information:

3 (a) Contact information for the dealer.

4 (b) The street address and county of each location in the
5 counties described in subsection (1) where the dealer uses reverse
6 vending machines.

7 (c) The number of reverse vending machines used by the dealer
8 at each location described in subdivision (b) and the type of
9 beverage containers each of those reverse vending machines accepts.

10 (d) The number of beverage containers sold and the number of
11 beverage containers redeemed by the dealer under the beverage
12 container law in the preceding calendar year at each of the
13 locations described in subdivision (b).

14 (3) The department shall prescribe the form of the report
15 described in subsection (1).

16 Enacting section 1. This act takes effect on the date that
17 deposits into the beverage container redemption antifraud fund
18 created in this act from money appropriated by the legislature
19 equal or exceed \$1,000,000.00.

20 Enacting section 2. This act does not take effect unless all
21 of the following bills of the 94th Legislature are enacted into
22 law:

23 (a) Senate Bill No. 1532.

24 (b) House Bill No. 5147.