

**SUBSTITUTE FOR
SENATE BILL NO. 1112**

A bill to amend 1976 IL 1, entitled

"A petition to initiate legislation to provide for the use of returnable containers for soft drinks, soda water, carbonated natural or mineral water, other nonalcoholic carbonated drink, and for beer, ale, or other malt drink of whatever alcoholic content, and for certain other beverage containers; to provide for the use of unredeemed bottle deposits; to prescribe the powers and duties of certain state agencies and officials; and to prescribe penalties and provide remedies,"

by amending the title and sections 1, 2, 3c, and 3e (MCL 445.571, 445.572, 445.573c, and 445.573e), the title as amended and section 3e as added by 1996 PA 384, section 1 as amended by 1989 PA 93, section 2 as amended by 1998 PA 473, and section 3c as amended by 2022 PA 198, and by adding sections 2b, 3g, 3h, and 5a; and to repeal acts and parts of acts; and to provide for a referendum.



THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

1
2 ~~A petition to initiate legislation~~ **An initiated law** to provide
3 for the ~~use~~ **collection of deposits on and return** of returnable
4 ~~containers for soft drinks, soda water, carbonated natural or~~
5 ~~mineral water, other nonalcoholic carbonated drink, and for beer,~~
6 ~~ale, or other malt drink of whatever alcoholic content, and for~~
7 certain ~~other~~ beverage containers; to provide for the ~~use~~ **return**
8 **and distribution** of ~~unredeemed~~ bottle deposits; to prescribe the
9 powers and duties of certain state ~~agencies and officials;~~ **officers**
10 **and entities; to create funds; to provide for the promulgation of**
11 **rules;** and to prescribe penalties and provide remedies.

12 Sec. 1. As used in this act:

13 (a) "Beverage" means a soft drink, soda water, ~~carbonated~~
14 ~~natural or mineral water, or other~~ **a nonalcoholic carbonated drink;**
15 **or noncarbonated drink in liquid form and intended for internal**
16 **human consumption;** beer, ale, or other malt drink of whatever
17 alcoholic content; **or liquor, wine,** or a mixed wine drink or a
18 mixed spirit drink.

19 (b) "Beverage container" means an airtight metal, glass,
20 paper, or plastic container, or a container composed of a
21 combination of these materials ~~, which, at the time of sale, that~~
22 contains 1 gallon or less of a beverage **at the time of sale. A**
23 **beverage container does not include any of the following:**

24 (i) **A container that contains milk or infant formula at the**
25 **time of sale.**

26 (ii) **A container that contains 1/2 gallon or more of fruit or**
27 **vegetable juice at the time of sale.**

28 (iii) **A freezable container as described in section 1a.**



1 (c) "Empty returnable container" means a beverage container
 2 ~~which~~**that** contains nothing except the residue of ~~its~~**the** original
 3 contents **of the beverage container.**

4 (d) "Returnable container" means a beverage container ~~upon~~**for**
 5 which a deposit of ~~at least~~**not less than** 10 cents has been paid,
 6 or is required to be paid ~~upon~~**on** the removal of the **beverage**
 7 container from the sale or consumption area, and for which a refund
 8 of ~~at least~~**not less than** 10 cents in cash is payable by every
 9 dealer or distributor in this state of that beverage in beverage
 10 containers ~~, as further provided in~~**under** section 2.

11 (e) "Nonreturnable container" means a beverage container ~~upon~~
 12 **for** which no deposit or a deposit of less than 10 cents has been
 13 paid, or is required to be paid ~~upon~~**on** the removal of the **beverage**
 14 container from the sale or consumption area, or for which no cash
 15 refund or a refund of less than 10 cents is payable by a dealer or
 16 distributor in this state of that beverage in beverage containers ~~,~~
 17 ~~as further provided in~~**under** section 2.

18 (f) "Person" means an individual, partnership, corporation,
 19 **limited liability company**, association, or other legal entity.

20 (g) "Dealer" means a person ~~who~~**that** sells or offers for sale
 21 to consumers within this state a beverage in a beverage container,
 22 including an operator of a vending machine containing a beverage in
 23 a beverage container.

24 (h) "Operator of a vending machine" means equally ~~its~~**the**
 25 owner **of the vending machine**, the person ~~who~~**that** refills ~~it,~~**the**
 26 **vending machine**, and the owner or lessee of the property ~~upon~~**which**
 27 ~~it~~**where the vending machine** is located.

28 (i) "Distributor" means a person ~~who~~**that** sells beverages in
 29 beverage containers to a dealer within this state, and includes a



1 manufacturer who engages in ~~such~~**those** sales.

2 (j) "Manufacturer" means a person ~~who~~**that** bottles, cans, or
3 otherwise places beverages in beverage containers for sale to
4 distributors, dealers, or consumers.

5 (k) "Within this state" means within the exterior limits of
6 ~~the~~**this** state, ~~of Michigan,~~ and includes the territory within
7 these limits owned by or ceded to the United States of America.

8 (l) "Commission" means the ~~Michigan~~ liquor control commission
9 **created in section 209 of the Michigan liquor control code of 1998,**
10 **1998 PA 58, MCL 436.1209.**

11 (m) "Sale or consumption area" means the premises ~~within~~**on**
12 the property of the dealer or of the dealer's lessor where the sale
13 is made, ~~within which~~**where** beverages in returnable containers may
14 be consumed without payment of a deposit, and ~~, upon removing a~~
15 ~~beverage container from which, the customer is required by~~**where a**
16 **consumer may not remove a beverage container without** the dealer
17 **requiring the consumer** to pay ~~the~~**a** deposit.

18 (n) "Nonrefillable container" means a returnable container
19 ~~which~~**that** is not intended to be refilled for sale by a
20 manufacturer.

21 (o) "Mixed wine drink" means a drink or similar product
22 marketed as a wine cooler ~~and containing~~**that contains** less than 7%
23 alcohol by volume, ~~consisting~~**consists** of wine and plain,
24 sparkling, or carbonated water, and ~~containing any~~**contains** 1 or
25 more of the following:

26 (i) Nonalcoholic beverages.

27 (ii) Flavoring.

28 (iii) Coloring materials.

29 (iv) Fruit juices.



1 (v) Fruit adjuncts.

2 (vi) Sugar.

3 (vii) Carbon dioxide.

4 (viii) Preservatives.

5 (p) "Mixed spirit drink" means a drink containing 10% or less
6 alcohol by volume consisting of distilled spirits mixed with
7 nonalcoholic beverages or flavoring or coloring materials and which
8 may also contain water, fruit juices, fruit adjuncts, sugar, carbon
9 dioxide, or preservatives; or any spirits based beverage,
10 regardless of the percent of alcohol by volume, that is
11 manufactured for sale in a metal container.

12 (q) "Institution of higher learning" means that term as
13 defined in 38 USC 3452(f).

14 (r) "Nonprofit organization" means an organization exempt from
15 taxation under section 501(c)(3) of the internal revenue code, 26
16 USC 501(c)(3).

17 (s) "Brand" means any word, name, group of letters, symbol, or
18 trademark, or any combination of them, adopted and used by a
19 manufacturer to identify a specific flavor or type of beverage and
20 to distinguish that flavor or type of beverage from another
21 beverage produced or marketed by that manufacturer or another
22 manufacturer.

23 Sec. 2. (1) A dealer within this state shall not sell, offer
24 for sale, or give to a consumer a nonreturnable container or a
25 beverage in a nonreturnable container.

26 (2) A dealer ~~who~~**that** regularly sells beverages for
27 consumption off the dealer's premises shall provide on the
28 premises, or within 100 yards of the premises on which the dealer
29 sells or offers for sale a beverage in a returnable container, a



1 convenient means ~~whereby the~~ **for** containers of any kind, size, and
 2 brand sold or offered for sale by the dealer ~~may to~~ be returned by,
 3 and the deposit refunded in cash to, a person whether or not the
 4 person is the original customer of that dealer, and whether or not
 5 the container was sold by that dealer.

6 (3) Regional centers for the redemption of returnable
 7 containers may be established, in addition to but not as
 8 substitutes for, the means established for refunds of deposits
 9 ~~prescribed in~~ **under** subsection (2).

10 (4) Except as provided in subsections (5) and (7), a dealer
 11 shall accept from a person an empty returnable container of any
 12 kind, size, and brand sold or offered for sale ~~by that dealer in~~
 13 **this state, whether or not the beverage container was sold by that**
 14 **dealer,** and pay to that person ~~its the~~ full refund value **of the**
 15 **container** in cash.

16 (5) A dealer ~~who that~~ does not require a deposit on a
 17 returnable container when the contents are consumed in the dealer's
 18 sale or consumption area is not required to pay a refund for
 19 accepting that empty container.

20 (6) Except as provided in subsection (7), a distributor shall
 21 accept from a dealer an empty returnable container of any kind,
 22 size, and brand sold or offered for sale by that distributor and
 23 pay to the dealer its full refund value in cash.

24 (7) Each beverage container sold or offered for sale by a
 25 dealer within this state ~~shall~~ **must** clearly indicate by embossing
 26 or by a stamp, a label, or other method securely affixed to the
 27 beverage container, the refund value of the container and the name
 28 of this state. A dealer or distributor may, but is not required to,
 29 refuse to accept from a person an empty returnable container ~~which~~



1 **that** does not state on the container the refund value of the
2 container and the name of this state. This subsection does not
3 apply to a refillable container ~~having~~**that has** a refund value of
4 not less than 10 cents, ~~having~~**has** a brand name permanently marked
5 on it, and ~~having~~**has** a securely affixed method of indicating that
6 it is a returnable container.

7 (8) A dealer within this state shall not sell, offer for sale,
8 or give to consumers a metal beverage container, any part of which
9 becomes detached when opened.

10 (9) A person, dealer, distributor, or manufacturer shall not
11 return an empty container to a dealer for a refund of the deposit
12 if a dealer has already refunded the deposit on that returnable
13 container. This subsection does not prohibit a dealer from
14 refunding the deposit on an empty returnable container each time
15 the returnable container is sanitized by the manufacturer and
16 reused as a beverage container.

17 (10) A dealer may accept, but is not required to accept, from
18 a person, empty returnable containers for a refund in excess of
19 \$25.00 on any given day.

20 (11) A manufacturer licensed by the commission shall not
21 require a distributor licensed by the commission to pay a deposit
22 to the manufacturer on a nonrefillable container. However, a
23 manufacturer licensed by the commission and a distributor licensed
24 by the commission may enter into an agreement providing that either
25 or both may originate a deposit or any portion of a deposit on a
26 nonrefillable container if the agreement is entered into freely and
27 without coercion.

28 (12) A manufacturer shall refund the deposit paid on any
29 container returned by a distributor for which a deposit ~~has been~~



1 was paid by a distributor to the manufacturer.

2 (13) Subsections (4), (6), and (7) apply only to a returnable
3 container that was originally sold in this state as a filled
4 returnable container.

5 (14) As used in this section, "metal beverage container" means
6 a beverage container composed primarily of metal.

7 Sec. 2b. (1) The beverage container handling fund is created
8 within the state treasury. The state treasurer shall deposit money
9 and other assets received from any source in the fund. The state
10 treasurer shall direct the investment of money in the fund and
11 credit interest and earnings from the investments to the fund.

12 (2) Money in the beverage container handling fund at the close
13 of the fiscal year remains in the beverage container handling fund
14 and does not lapse to the general fund.

15 (3) The department of treasury is the administrator of the
16 beverage container handling fund for auditing purposes.

17 (4) The department of treasury shall expend money from the
18 beverage container handling fund, on appropriation, in the
19 following manner:

20 (a) 1.5% to the department of environment, Great Lakes, and
21 energy for staffing and programs related to this act.

22 (b) 6% to the department of environment, Great Lakes, and
23 energy for marketing participation and compliance with this act.

24 (c) 1.5% to the department of licensing and regulatory affairs
25 for staffing and programs related to this act.

26 (d) 6% to the bottle bill enforcement fund created under
27 section 3c(2).

28 (e) 85% to the resource recovery fund created under section 3g
29 for system improvement grants.



1 Sec. 3c. (1) The bottle deposit fund is created in the
2 department of treasury. The fund is a revolving fund administered
3 by the department of treasury. All of the following apply to the
4 bottle deposit fund:

5 (a) The fund consists of money paid to the department of
6 treasury by underredeemers under section 3b. The state treasurer
7 shall direct the investment of the fund. The state treasurer shall
8 credit to the fund interest and earnings from fund investments.

9 (b) The department of treasury is the administrator of the
10 fund for auditing purposes.

11 (c) The money deposited in the fund at the close of the fiscal
12 year remains in the fund and does not lapse to the general fund.

13 (2) The bottle bill enforcement fund is created in the
14 department of treasury. The fund is a revolving fund administered
15 by the department of treasury. All of the following apply to the
16 bottle bill enforcement fund:

17 (a) The fund consists of money disbursed to the fund under
18 ~~subsection (3) (a).~~ **section 2b.** The state treasurer shall direct the
19 investment of the fund. The state treasurer shall credit to the
20 fund interest and earnings from fund investments.

21 (b) The department of treasury is the administrator of the
22 fund for auditing purposes.

23 (c) The money deposited in the fund at the close of the fiscal
24 year ~~remains in the fund and does not lapse to the general~~
25 ~~fund.~~ **lapses to the resource recovery fund created in section 3g.**

26 (d) **The department of treasury shall disburse money from the**
27 **bottle bill enforcement fund, on appropriation, to the department**
28 **of state police and the department of the attorney general to use**
29 **in enforcing this act and investigating violations of this act in**



1 the following manner:

2 (i) 50% to the department of state police.

3 (ii) 50% to the department of the attorney general.

4 (3) The department of treasury shall deposit the amount paid
5 to the department of treasury by underredeemers under section 3b,
6 less any amount refunded by the department of treasury to
7 overredeemers under section 3b, into the bottle deposit fund
8 created in subsection (1) for annual disbursement by the department
9 of treasury in the following manner:

10 ~~(a) The first \$1,000,000.00 to the bottle bill enforcement~~
11 ~~fund created in subsection (2). The department of treasury shall~~
12 ~~disburse the money deposited into the bottle bill enforcement fund~~
13 ~~to the department of state police for use in enforcing this act and~~
14 ~~investigating violations of this act. If the bottle bill~~
15 ~~enforcement fund balance at the end of the fiscal year is greater~~
16 ~~than \$3,000,000.00, deposits in the fund required under this~~
17 ~~subdivision are suspended until the fund balance falls below~~
18 ~~\$2,000,000.00.~~

19 ~~(b) After the disbursement of the first \$1,000,000.00 to the~~
20 ~~bottle bill enforcement fund as described in subdivision (a), the~~
21 ~~remaining amount must be disbursed as follows:~~

22 (a) ~~(i) Seventy-five percent~~ **40%** to the cleanup and
23 redevelopment trust fund created in section 3e.

24 (b) ~~(ii) Twenty-five percent to dealers to be apportioned to~~
25 ~~each dealer on the basis of the number of empty returnable~~
26 ~~containers handled by a dealer as determined by the department of~~
27 ~~treasury.~~ **10% to the water security fund created in section 3h.**

28 (c) **5% to the manufacturers on the basis of the number of**
29 **empty returnable containers redeemed.**



1 (d) 20% to the distributors on the basis of the number of
2 empty returnable containers redeemed.

3 (e) 25% to the dealers and redemption centers on the basis of
4 the number of empty returnable containers redeemed.

5 (4) Three years after the effective date of the amendatory act
6 that added this subsection, the department of state police **and the**
7 **department of the attorney general** shall report to the legislature
8 on the efficacy of the ~~state police in enforcing~~ **enforcement of**
9 this act. The report must contain at least the minimum number of
10 beverage and deposit containers seized and the deposit value in
11 this state of those containers.

12 (5) Not later than June 1 of each year, the department of
13 treasury shall publish and make available to the public information
14 related to ~~subsection (3)(a) and section 3b(1)~~ and send a report of
15 that information to the legislature.

16 (6) If the department of treasury determines that rules are
17 needed to properly implement and administer sections 3a to 3d, the
18 department may promulgate rules to implement and administer those
19 sections under the administrative procedures act of 1969, 1969 PA
20 306, MCL 24.201 to 24.328.

21 (7) **The department of state police and the department of the**
22 **attorney general shall enforce this act.**

23 (8) **As used in this section:**

24 (a) "Redemption center" means a place where a consumer can
25 return an empty beverage container to receive a refund, that is
26 operated by an individual, a nonprofit business, or a for-profit
27 business, and that is in addition to reverse vending machines
28 operated by a dealer.

29 (b) "Reverse vending machine" means a device designed to



1 properly identify and process empty beverage containers and provide
2 a means for a deposit refund on returnable containers.

3 Sec. 3e. (1) The cleanup and redevelopment trust fund is
4 created within the state treasury.

5 (2) The state treasurer may receive money or other assets from
6 any source for deposit into the trust fund. The state treasurer
7 shall direct the investment of the trust fund. The state ~~treasurer~~
8 **treasurer** shall credit to the trust fund interest and earnings from
9 fund investments.

10 (3) Money in the trust fund at the close of the fiscal year
11 ~~shall remain~~ **remains** in the trust fund and ~~shall~~ **does** not lapse to
12 the general fund.

13 (4) **The department of treasury shall expend, on appropriation,**
14 **25% or \$10,000,000.00 of the annual deposits to the trust fund,**
15 **whichever is less, for the purposes specified in section 20113(4)**
16 **of the natural resources and environmental protection act, 1994 PA**
17 **451, MCL 324.20113.**

18 (5) ~~(4)~~ The state treasurer shall annually disburse the
19 ~~following amounts from the trust fund:~~ **revenues received by the**
20 **trust fund from disbursements under section 3c in the following**
21 **manner:**

22 ~~(a) For each of the state fiscal years 1996-1997, 1997-1998,~~
23 ~~and 1998-1999, up to \$15,000,000.00 each year of money in the trust~~
24 ~~fund to the cleanup and redevelopment fund created in section 20108~~
25 ~~of part 201 (environmental remediation) of the natural resources~~
26 ~~and environmental protection act, Act No. 451 of the Public Acts of~~
27 ~~1994, being section 324.20108 of the Michigan Compiled Laws.~~

28 (a) ~~(b)~~ In addition to the disbursements under subdivision
29 ~~(a), each state fiscal year, 80% of the revenues received by the~~



1 ~~trust fund from disbursements under section 3e~~ to the cleanup and
 2 redevelopment fund **created under section 20108 of the natural**
 3 **resources and environmental protection act, 1994 PA 451, MCL**
 4 **324.20108.** and

5 (b) 10% to the community pollution prevention fund created in
 6 section 3f.

7 (6) ~~(5)~~All money in the trust fund that is not disbursed
 8 pursuant to ~~under~~ subsection ~~(4)~~ shall remain **(5) remains** in the
 9 trust fund until the trust fund reaches an accumulated principal of
 10 ~~\$200,000,000.00.~~ **\$500,000,000.00.** After the trust fund reaches an
 11 accumulated principal of ~~\$200,000,000.00,~~ **\$500,000,000.00,** interest
 12 and earnings of the trust fund only shall be ~~are~~ expended, ~~upon on~~
 13 appropriation, for the purposes specified in section 20113(4) ~~of~~
 14 ~~part 201 (environmental remediation)~~ of the natural resources and
 15 environmental protection act, ~~Act No. 451 of the Public Acts of~~
 16 ~~1994, being section 324.20113 of the Michigan Compiled Laws.~~ **1994 PA**
 17 **451, MCL 324.20113.**

18 (7) ~~(6)~~As used in this section, "trust fund" means the
 19 cleanup and redevelopment trust fund created in subsection (1).

20 **Sec. 3g. (1) The resource recovery fund is created in the**
 21 **state treasury.**

22 (2) **The state treasurer shall deposit money and other assets**
 23 **received from section 2b or from any other source in the fund. The**
 24 **state treasurer shall direct the investment of the fund and credit**
 25 **interest and earnings from the investments to the fund.**

26 (3) **The department of environment, Great Lakes, and energy is**
 27 **the administrator of the fund for auditing purposes.**

28 (4) **The department of environment, Great Lakes, and energy**
 29 **shall expend money from the fund, on appropriation, only for 1 or**



1 more of the following purposes:

2 (a) Consumer education related to this act, including, but not
3 limited to, changes made to or rules promulgated under this act by
4 the amendatory act that added this section.

5 (b) Grants to nonprofit organizations and institutions of
6 higher learning conducting research or developing policy or
7 practices related to increasing the scope, efficiency, and
8 effectiveness of this act.

9 (c) System improvement grants used for either of the following
10 purposes:

11 (i) The purchase of new equipment and technology to expand the
12 capacity to process materials by any of the following:

13 (A) A public or private materials recovery facility.

14 (B) A beverage manufacturer.

15 (C) A beverage distributor.

16 (D) A beverage dealer.

17 (ii) Operations and equipment costs for pilot programs that do
18 not exceed 5 years.

19 Sec. 3h. (1) The water security fund is created in the state
20 treasury.

21 (2) The state treasurer shall deposit money and other assets
22 received from section 3c or from any other source in the fund. The
23 state treasurer shall direct the investment of the fund and credit
24 interest and earnings from the investments to the fund.

25 (3) The department of environment, Great Lakes, and energy is
26 the administrator of the fund for auditing purposes.

27 (4) The department of environment, Great Lakes, and energy
28 shall expend money from the fund, on appropriation, only for 1 or
29 both of the following purposes:



1 (a) Grants to a supplier of water that operates a public water
 2 supply and provides year-round service to not less than 15 living
 3 units or regularly provides year-round service to not less than 25
 4 residents to do any of the following:

5 (i) Develop affordability programs that limit each
 6 participating household's water bill to a predetermined percentage
 7 of household income deemed to be affordable.

8 (ii) Support the transition to an affordability program created
 9 under subparagraph (i).

10 (iii) Support the design and evaluation of an affordability
 11 program created under subparagraph (i).

12 (b) Grants to nonprofit organizations and institutions of
 13 higher learning for research and programs to reduce water
 14 insecurity in this state.

15 (5) The department of environment, Great Lakes, and energy may
 16 expend money for grants under subsection (4) for more than 1
 17 consecutive year subject to the availability of funds. No grant
 18 under subsection (4) (a) is for more than 3 consecutive years.

19 (6) As used in this section, "supplier of water" means that
 20 term as defined in section 2 of the safe drinking water act, 1976
 21 PA 399, MCL 325.1002.

22 Sec. 5a. (1) By March 1 of every year, any department with
 23 data regarding the performance of this act, including, but not
 24 limited to, the data listed under subsection (2), shall share that
 25 data with the department of environment, Great Lakes, and energy.

26 (2) By April 1 of every year, the department of environment,
 27 Great Lakes, and energy shall make publicly available on the
 28 department's website data on the performance of this act that the
 29 department has or has received under subsection (1), including, but



1 not limited to, all of the following:

2 (a) Performance of the deposit return system compared to the
3 annual target return rate.

4 (b) The number of beverage containers composed of each type of
5 material for which a deposit was initiated, by county.

6 (c) The number of beverage containers composed of each type of
7 material for which a deposit was redeemed, by county.

8 (d) The value of, contributions from, and expenditures from
9 the following funds:

10 (i) The beverage container handling fund created under section
11 2b.

12 (ii) The bottle bill enforcement fund created under section 3c.

13 (iii) The bottle deposit fund created under section 3c.

14 (iv) The cleanup and redevelopment trust fund created under
15 section 3e.

16 (v) The community pollution prevention fund created under
17 section 3f.

18 (vi) The resource recovery fund created under section 3g.

19 (vii) The water security fund created under section 3h.

20 (3) As used in this section:

21 (a) "Annual target return rate" means a return rate of 85% in
22 a given year.

23 (b) "Return rate" means the total number of returnable
24 beverage containers redeemed divided by the total number of
25 returnable beverage containers sold for which a deposit was
26 originated.

27 Enacting section 1. Section 2a of 1976 IL 1, MCL 445.572a, is
28 repealed.

29 Enacting section 2. This amendatory act does not take effect



1 unless approved by a majority of the electors of this state voting
2 on the question at the general election to be held November 3,
3 2026. This amendatory act shall be submitted to the qualified
4 electors of this state at that election as provided by the Michigan
5 election law, 1954 PA 116, MCL 168.1 to 168.992. If approved by a
6 majority of the electors of this state voting on the question, this
7 amendatory act takes effect 6 months after the date of the official
8 declaration of the vote.

