ASSEMBLY, No. 1710

STATE OF NEW JERSEY

218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

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SYNOPSIS

The "Smart Container Act."

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 8/26/2019)

AN ACT concerning beverage containers, and supplementing Title 13 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. This act shall be known and may be cited as the "Smart Container Act."

The Legislature finds and declares that litter composed of discarded beverage bottles and cans is a growing problem of public concern and a direct threat to the health and safety of the citizens of this State; that discarded beverage bottles and cans create a hazard to vehicular traffic, a source of physical injury to pedestrians, farm animals and machinery, and an unsightly accumulation of litter which must be disposed of at increasing public expense; that beverage bottles and cans also create an unnecessary addition to the State's already costly and overburdened solid waste management system; that the indiscriminate disposal of such bottles and cans creates an impediment to the efficient operation of New Jersey's resource recovery incineration facilities; that the uninhibited discard of beverage containers constitutes a waste of both mineral and energy resources; and that requiring a deposit on all beverage bottles and cans, along with certain other facilitating measures, will provide a necessary incentive for the economically efficient and environmentally benign collection and recycling of such containers.

The Legislature therefore determines that it serves the public interest to provide that all beverage bottles and cans sold or offered for sale in this State have a refund value, and to provide for the convenient return and payment of the refund value of empty beverage containers.

3. As used in this act:

"Beverage" means all carbonated and noncarbonated drinks in liquid form intended for human consumption. "Beverage" shall not include:

- (1) Milk and dairy derived products. "Milk" means whole milk, skim milk, low-fat milk, cream, cultured milk, yogurt, or any combination of those products. The term "dairy derived products" includes any product of which the single largest ingredient is milk, milk fat, cultured milk, or yogurt;
- 42 (2) Rice milk or soy milk;
 - (3) Infant formula;
 - (4) Alcoholic beverages. The term "alcoholic beverage" shall not include beer or other malt beverages, or wine products;
 - (5) A liquid that is a syrup, in a concentrated form, or typically added as a minor flavoring ingredient in food or drink, such as extracts, cooking additives, sauces, or condiments;

- 1 (6) A liquid that is ingested in very small quantities and that is consumed for medicinal purposes only;
 - (7) A liquid that is designed and consumed only as a nutritional supplement and not as a beverage;
 - (8) A product that is frozen at the time of sale;
- 6 (9) A product that is designed to be consumed in a frozen state;
 - (10) An instant drink powder; or

(11) Seafood, meat, vegetable broths, or soups.

"Beverage container" means the individual, separate, sealed glass, metal, aluminum, steel, or plastic bottle, can, or jar used for containing less than one gallon or 3.8 liters at the time of sale of a beverage intended for use or consumption in this State. A "beverage container" shall not include a refillable container.

14 "Commissioner" means the Commissioner of Environmental 15 Protection.

16 "Department" means the Department of Environmental 17 Protection.

"Director" means the Director of the Division of Taxation in the Department of the Treasury.

"Distributor" means any person who sells beverages in beverage containers to a retailer.

"Division" means the Division of Taxation in the Department of the Treasury.

"Malt beverage" means any beverage obtained by the alcoholic fermentation or infusion or decoction of barley, malt, hops, or other wholesome grain or cereal and water, including, but not limited to, ale, stout, or malt liquor.

"Redemption center" means a place or a business, and the owner or operator thereof, which accepts empty beverage containers for recycling and pays the refund value of beverage containers as approved by the department pursuant to the provisions of this act.

"Refillable container" means a rigid plastic container that the department determines is routinely returned to and refilled by the product manufacturer at least five times with the original product that is stored inside of the container.

"Retailer" means a person who engages in the sale within the State of beverages in beverage containers to a consumer at retail for off-premises use or consumption.

"Reverse vending machine" means an automated device that uses a laser scanner, microprocessor, or other technology to accurately recognize the universal product code to determine if a particular beverage container is redeemable and accumulates information regarding beverage containers redeemed, thereby enabling the device to accept beverage containers from redeemers and to issue scrip for their refund value.

"Smart container bar code" means a universal product code applied to a beverage container to identify the container as sold or offered for sale in this State.

"Universal product code" means a standard for encoding a set of lines and spaces that can be scanned and interpreted into numbers to identify a product. A "universal product code" may also mean any accepted industry barcode which replaces that code and that may be used to identify a product.

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- 4. a. Every beverage container sold or offered for sale in this State shall have a refund value when empty. Beverage containers with a minimum capacity of eight ounces, or its equivalent volume, and a maximum capacity of less than 24 ounces, or its equivalent volume, shall have a refund value of \$0.10 each. Beverage containers with a minimum capacity of 24 ounces, or its equivalent volume, and a maximum capacity of less than one gallon or 3.8 liters, or its equivalent volume, shall have a refund value of \$0.20 each.
- b. Every beverage container sold or offered for sale in this State shall be clearly identified by a stamp, label, or other mark securely affixed to the beverage container, bearing the inscription "New Jersey" or "N.J." or "NJ" and indicating the refund value of the beverage container.
- c. Every beverage container sold or offered for sale in this State shall be embossed with a smart container bar code.
- d. A person shall not sell or offer for sale a beverage container in this State unless the deposit on the beverage container is or has been paid to the State Treasurer by a distributor and unless the beverage container has a refund value of not less than \$0.10 which is clearly indicated thereon as provided in this section.
- e. Every redeemed empty beverage container shall be the property of the retailer or redemption center accepting the empty beverage container for redemption.

- 5. a. Every distributor shall, within 30 days after the effective date of this section, register with the State Treasurer on forms prescribed by the director.
- b. Every distributor shall, on or before the first day of the first full fiscal quarter following the effective date of this section, and quarterly thereafter, render a return under oath to the State Treasurer, on such forms as may be prescribed by the director, indicating the total number of full beverage containers to be sold or offered for sale in this State in the ensuing quarter, and at that time shall pay the initial deposit on each full beverage container in an amount equal to the refund value due thereon pursuant to section 4 of this act.
- c. The director shall deposit all revenues collected pursuant to this section in the Smart Container Fund established pursuant to section 7 of this act. The director may use up to one percent of all revenues collected to defray the costs of administration and collection of the deposit revenues.

d. The director may require the maintenance of such accounts, records, or documents relating to the sale of full beverage containers, by any distributor as the director may deem appropriate for the administration of this section. The director may make examinations, including the conduct of facility inspections during regular business hours, with respect to the accounts, records, or documents required to be maintained under this subsection. The accounts, records, and documents shall be preserved for a period of three years, except that the director may consent to their destruction within that period or may require that they be kept longer. The accounts, records, and documents may be kept within the meaning of this subsection when reproduced by any electronic, photographic, photostatic, microfilm, micro-card, miniature photographic, or other process which actually reproduces the original accounts, records, or documents.

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- 6. a. Every retailer and redemption center shall, within 30 days after the effective date of this section, register with the State Treasurer on forms prescribed by the director.
- b. Every retailer and redemption center shall, on or before the first day of the first full fiscal quarter following the effective date of this section, and monthly thereafter, render a return under oath to the State Treasurer, on such forms as may be prescribed by the director, indicating the total number of empty beverage containers redeemed during the previous month, the total amount paid for redeemed empty beverage containers, and the disposition of redeemed empty beverage containers. The director shall credit the proper amount to the retailer or redemption center upon receipt of written documentation of the total number of empty beverage containers redeemed and the actual amount paid for the redemption of those empty beverage containers, and at that time shall reimburse the retailer or redemption center the full amount therefor.
- The director may require the maintenance of such accounts, records, or documents relating to the redemption of empty beverage containers, by any retailer or redemption center as the director may deem appropriate for the administration of this section. director may make examinations, including the conduct of facility inspections during regular business hours, with respect to the accounts, records, or documents required to be maintained under this subsection. The accounts, records, and documents shall be preserved for a period of three years, except that the director may consent to their destruction within that period or may require that they be kept longer. The accounts, records, and documents may be kept within the meaning of this subsection when reproduced by any photographic, photostatic, microfilm, micro-card, electronic, miniature photographic, or other process which actually reproduces the original accounts, records, or documents.

- 7. a. The Smart Container Fund (hereinafter referred to as the "fund") is established as a nonlapsing, revolving fund. The fund shall be administered by the State Treasurer, and shall be credited with all revenues collected pursuant to section 5 of this act, and all interest or other investment income earned and received on the investment of moneys in the fund.
 - b. Moneys in the fund shall be allocated and used as follows:
- (1) To reimburse retailers and redemption centers the full amount for the total number of empty beverage containers redeemed and the actual amount paid for the redemption of those empty beverage containers;
- (2) To redistribute deposit revenues to retailers and redemption centers on a proportionate basis, in an amount equal to 25 percent of the aggregate dollar value of any unclaimed deposits retained by the State Treasurer, to defray handling costs; and
- (3) To redistribute deposit revenues to the department, in an amount equal to 75 percent of the aggregate dollar value of any unclaimed deposits retained by the State Treasurer. Any amounts received by the department as unclaimed deposits, and all interest or other investment income earned and received on the investment of money in the fund, shall be deposited in the Healthy Schools and Community Lead Abatement Fund established pursuant to section 8 of this act.

As used herein, "unclaimed deposits" shall mean any amounts in excess of the costs of redemption which have accrued to the fund on or after the 30th day after which a deposit has been initiated.

c. The State Treasurer shall report to the department, on or before the first day of the second full fiscal quarter following the effective date of this act, and quarterly thereafter, on the volume of beverage sales, empty beverage container redemptions, and unclaimed deposits.

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There is established in the Department of Environmental Protection a nonlapsing fund to be known as the "Healthy Schools and Community Lead Abatement Fund," hereinafter referred to as "the fund." The fund shall be credited with the deposit revenues redistributed by the State Treasurer to the department pursuant to paragraph (3) of subsection b. of section 7 of this act, with all interest or other investment income earned and received on the investment of moneys in the fund, and with any other monies that may be made available, or appropriated, to the department for the purposes of the fund. Money in the fund shall be used by the department, in consultation with the Department of Education, the Department of Community Affairs, and the Department of Health, solely for lead abatement in schools and communities, including: removal and replacement of water fountains, plumbing, and pipes that contain lead; stripping lead paint from schools and residential dwellings; and other lead abatement programs, as established by the

A1710 VAINIERI HUTTLE, JASEY

department in consultation with the Department of Education, the Department of Community Affairs, and the Department of Health.

- 9. a. Every retailer shall, upon presentation of an empty beverage container, refund to the bearer the refund value of the beverage container. No retailer shall refuse to accept at the retailer's place of business an empty beverage container from a person, or refuse to pay to a person the refund value of an empty beverage container.
- b. A retailer may limit the number of empty beverage containers to be accepted for redemption at the retailer's place of business to not less than 24 empty beverage containers per visit, per redeemer, per day.
 - c. Redemptions of refund value shall be in legal tender. The use or presence of a reverse vending machine shall not relieve a retailer of any obligations imposed pursuant to this section. If a retailer utilizes a reverse vending machine to redeem empty beverage containers, the retailer shall provide redemption of empty beverage containers when the reverse vending machine is full, broken, or under repair, or does not accept a type of beverage container sold by the retailer. On any day that the retail establishment is open for less than 24 hours, the retailer may restrict or refuse the payment of refund values during the first and last hour the retailer is open for business.
 - d. Every redeemed empty beverage container shall be the property of the retailer accepting the empty beverage containers for redemption. Every retailer shall ensure that all empty beverage containers redeemed at the facility are properly recycled.

- 10. a. A retailer shall conspicuously post and maintain, at the point of sale, a legible sign informing customers of the refund value of empty beverage containers.
- b. A retailer that does not sell or offer for sale in this State alcoholic beverages shall not be required to accept at the retailer's place of business from a redeemer any empty beverage containers used for containing beer or other malt beverages, or wine products. The retailer shall conspicuously post and maintain, at the point of sale, a legible sign informing customers of the exemption from the deposit and refund system established pursuant to this act.

- 11. a. A person may apply to the department for approval to establish a redemption center, including a mobile redemption center, subject to applicable provisions of law and in accordance with the provisions of this act, at which consumers may return empty beverage containers and receive payment of the refund value of the beverage containers.
- b. An application for approval to establish a redemption center shall include: the name and address of the person responsible for

- the establishment and operation of the redemption center; the kind, size, and brand names of beverage containers which will be accepted at the redemption center; the addresses of the retailers to be served by the redemption center; and any additional information which the department may require.
- c. The department shall approve an application to establish a redemption center if the department finds, in writing, that the redemption center will provide a convenient service to consumers for the return of empty beverage containers. The order of the department approving the establishment of a redemption center shall state: the retailers to be served by the redemption center; the kind, size, and brand names of empty beverage containers which the redemption center shall accept; and any other requirements which the department deems necessary to insure that the redemption center will provide a convenient service to the public.
- d. The department may review at any time an approval of a redemption center. After affording written notice and hearing to the owner or operator of the redemption center, and to retailers served by the redemption center, the department may withdraw approval of the redemption center if the department finds, in writing, that the center has failed to comply with the conditions set forth in the order approving the center or if the redemption center no longer provides a convenient service to the public.
- e. Every redeemed empty beverage container shall be the property of the owner or operator of the redemption center accepting the empty beverage containers for redemption. Every redemption center shall ensure that all empty beverage containers redeemed at the facility are properly recycled.

12. a. The commissioner shall adopt, pursuant to the provisions

- of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), any rules or regulations conditioning and controlling the sale and labeling of beverage containers which shall be designed to further the purposes of this act.
- b. The director shall adopt, pursuant to the provisions of the "Administrative Procedure Act," any rules or regulations necessary to implement the provisions of this act.

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- 13. a. The commissioner shall establish a public education program to disseminate information regarding implementation of this act. The information shall include, but need not be limited to, the procedures necessary to establish a redemption center as provided in section 11 of this act and information delineating the relevant rights and responsibilities of distributors, retailers, and redemption centers under the provisions of this act.
- b. The department shall report to the Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature on

the success of the public education program in New Jersey not later than August 30 of each year.

14. a. There is established an advisory council, to be known as the "Smart Container Act Public Advisory Council." The advisory council shall consist of nine members, who shall be appointed by the Governor, with the advice and consent of the Senate.

b. The members of the advisory council shall include: one representative of an organization whose prime function is the enhancement of the environmental quality of the State; two distributors; two county or municipal recycling coordinators; two retailers; and two operators of redemption centers.

- c. The advisory council shall organize as soon as practical after the appointment of its members. The members of the advisory council shall elect one of their number to serve as chairperson and the advisory council may elect an executive director who need not be a member of the advisory council.
- d. The members of the advisory council shall receive no compensation for their services, but shall be allowed their actual and necessary expenses incurred in the performance of their duties.

- 15. a. The Smart Container Act Public Advisory Council is empowered to:
- (1) Serve as a working forum for the exchange of views, concerns, ideas, information, and recommendations relating to implementation of this act;
- (2) Request the attendance at any meeting of the advisory council of any personnel of the department or of other State agencies as may be necessary to provide information and otherwise assist the advisory council and request such information from the department or other State agencies as the advisory council may require in fulfilling its responsibility under this section;
- (3) Monitor, review, and make recommendations concerning the objectives, methods, and strategies of the department and other State agencies in implementing and pursuing programs designed to meet the objectives of this act;
- (4) Request and receive, upon reasonable notice, reports from the department and other State agencies concerning the implementation of the provisions of this act;
- (5) Make recommendations to the Governor and the Legislature concerning the awarding of grants for lead abatement projects from the amounts deposited in the Healthy Schools and Community Lead Abatement Fund established pursuant to section 8 of this act; and
- (6) Perform other activities or services as may be necessary to fulfill the purposes of this section.
- b. The advisory council shall meet as frequently as it deems necessary, keep a record of its proceedings, and determine the rules of its own procedures. Five members of the advisory council shall

A1710 VAINIERI HUTTLE, JASEY

constitute a quorum for the transaction of any business of the advisory council.

- c. Staff services, including recording of advisory council proceedings, shall be performed by personnel of the department, or such State agencies as the chairperson deems appropriate or desirable.
- d. The department shall provide the advisory council with such facilities, assistance, and data as will enable the advisory council to carry out its powers and duties. All other State agencies shall, at the request of the chairperson, provide the advisory council with such facilities, assistance, and data as will enable the advisory council to carry out its powers and duties.

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16. Any person who violates the provisions of this act or any rule or regulation adopted pursuant to this act shall be liable to a penalty of not more than \$500 per day to be collected in a civil action commenced by a local health authority, a county health department, the director, or the commissioner.

Each day during which the violation continues constitutes an additional, separate, and distinct offense. Any penalty imposed pursuant to this subsection may be collected, with costs, in a summary proceeding pursuant to the "Penalty Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.). The Superior Court and the municipal court shall have jurisdiction to enforce the provisions of the "Penalty Enforcement Law of 1999" in connection with this act. The department is authorized to compromise and settle a claim for a penalty under this act in an amount which the department deems appropriate and equitable under all of the circumstances.

17. Sections 4 through 11 and section 16 of this act shall take effect one year after the date of enactment of this act, and the remainder of this act shall take effect immediately.

STATEMENT

This bill, entitled the "Smart Container Act," would require a 10-cent deposit on beverage containers with a capacity of between eight ounces and less than 24 ounces, and a 20-cent deposit on beverage containers with a capacity of between 24 ounces and less than one gallon. Under the bill, "beverage container" means an individual, separate, sealed glass, metal, aluminum, steel, or plastic bottle, can, or jar containing less than one gallon of a beverage, and does not include refillable containers. "Beverage" means any carbonated or noncarbonated drink in liquid form intended for human consumption, with certain exceptions specified in the bill. Juice, sports drinks, bottled water, soda, wine, and beer are examples of products that

would be subject to the deposit. All such beverage containers would be identified by a label and embossed with a smart container bar code, which would indicate that the container was sold in the State.

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4 The bill would require each distributor of beverage containers to 5 submit to the State Treasurer, quarterly, a return indicating the total 6 number of containers to be sold in the State from that distributor in the 7 ensuing quarter, and pay the initial deposit on each container. The 8 Director of the Division of Taxation ("director") would deposit all 9 revenues into the "Smart Container Fund" established in the bill. 10 Retailers of beverage containers would be required to accept empty 11 beverage containers and refund to the bearer the refund value of the 12 Retailers could limit the number of empty beverage 13 containers they accept for redemption to 24 containers per visit, per 14 redeemer, per day. Empty beverage containers could also be redeemed 15 at redemption centers that may be established under the bill. Each 16 retailer or redemption center would be required to submit to the State 17 Treasurer, monthly, a return indicating the total number of empty 18 beverage containers redeemed in the previous month, the total amount 19 paid for redeemed containers, and the disposition of the containers. 20 The director would then reimburse the retailer or redemption center for 21 the amounts they paid for redemption of the empty beverage 22 containers.

The bill would establish the "Smart Container Fund," which would be credited with all of the revenues collected by the State Treasurer pursuant to the bill. Money in the fund would be used: (1) to reimburse retailers and redemption centers for the amounts they paid for the redemption of empty beverage containers; (2) to redistribute 25 percent of the unclaimed deposits retained by the State Treasurer to retailers and redemption centers to defray handling costs; and (3) to redistribute 75 percent of the unclaimed deposits to the Department of Environmental Protection ("DEP") for deposit into the "Healthy Schools and Community Lead Abatement Fund" established in the bill. Money in that fund would be used by the DEP, in consultation with the Department of Education, the Department of Community Affairs, and the Department of Health, for lead abatement in schools and communities, including: removal and replacement of water fountains, plumbing, and pipes that contain lead; stripping lead paint from schools and residential dwellings; and other lead abatement programs.

Under the bill, all distributors, retailers, and redemption centers would be required to register with the State Treasurer. A person could apply to the DEP for approval to establish a redemption center, including a mobile redemption center, where consumers may redeem the empty beverage containers. The bill specifies certain requirements for establishment of a redemption center, and authorizes the DEP to oversee redemption centers. Under the bill, every redeemed beverage container would be the property of the retailer or redemption center that receives the container. Retailers and redemption centers would

A1710 VAINIERI HUTTLE, JASEY

have to ensure that all of the containers collected are properly recycled. Further, retailers would be required to post and maintain signs at the point of sale informing consumers of the refund value of empty beverage containers. The bill would require the DEP to establish a public education program to disseminate information regarding implementation of the bill, and report to the Governor and the Legislature on the success of the public education program.

The bill would also establish the "Smart Container Act Public Advisory Council." The council would consist of nine members appointed by the Governor with the advice and consent of the Senate, as follows: one representative of an environmental organization; two distributors; two county or municipal recycling coordinators; two retailers; and two operators of redemption centers. The council would, among other things, serve as a working forum for the exchange of ideas and information and recommendations relating to implementation of the bill. The council would also make recommendations to the Governor and the Legislature concerning the awarding of grants for lead abatement projects under the Healthy Schools and Community Lead Abatement Fund.

Finally, any person who violates the provisions of the bill would be subject to a fine of up to \$500 per day.