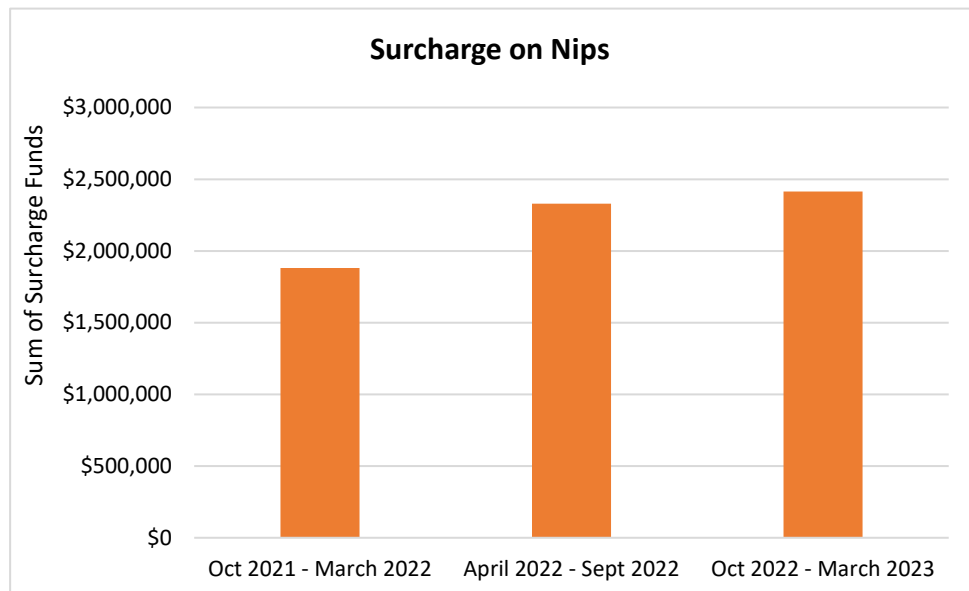


Preliminary findings of the review of programs and measures of local governments on the expenditure of funds from the surcharge on spirit or liquor beverage containers of fifty milliliters or less (Nips).

In 2023, Public Act 23-76 established a requirement for the Council on Environmental Quality (Council) to conduct a review of “programs and measures of local governments implemented pursuant to subsection (d) of section 22a-244b,” as part of the Council’s review of the programs and activities of the state and local governments and private organizations, as required by Connecticut General Statutes (CGS) section 22a-12. Subsection (a) of CGS section 22a-244b established that "on and after October 1, 2021, any beverage container containing a spirit or liquor of fifty milliliters or less shall be assessed a five-cent surcharge by the wholesaler of such beverage container to the retailer of such beverage container and by the retailer of such beverage container to the consumer of such beverage container."

Subsection (c) of CGS section 22a-244b states that on April 1, 2022, and every six months thereafter, payment shall be remitted by each wholesaler to every municipality where any such beverage container was sold during the preceding six-month period by such wholesaler. “In



order to reduce the number of checks that a single town might receive, the Wine & Spirits Wholesalers of CT (WSWC) agreed to aggregate the 5-cent fees collected by all wholesalers and send a single check to each town in which the 50 milliliter (or smaller) containers of spirits or liquors were sold.”¹ Municipalities might have also received funds from other wholesalers.

Between October 1, 2021, and March 31, 2023, 162 out of the 169 municipalities in Connecticut received in aggregate approximately \$6.6 million², which equates to approximately 132.4 million Nip bottles. Each municipality received funds from the surcharge on Nips over that time period based on the number of Nips sold in each municipality. The average amount of funds received by municipalities was approximately \$40,874 and the median was \$23,855. The largest amount of funds received by a municipality was approximately \$305,691.

¹ Connecticut Department of Energy and Environmental Protection, Bottle Bill Stakeholder Process; <https://portal.ct.gov/DEEP/Reduce-Reuse-Recycle/Bottles/Bottle-Bill-Stakeholder-Process>

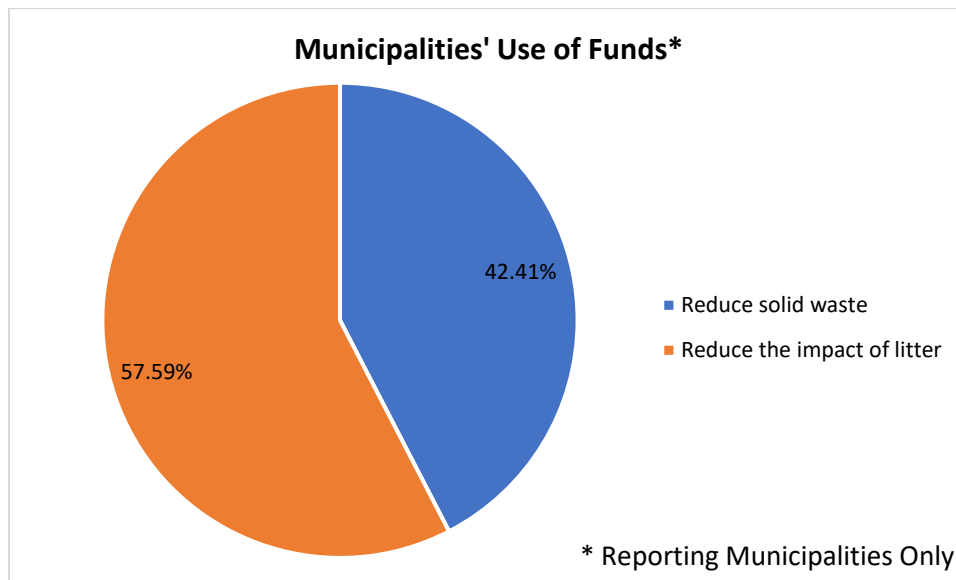
² There were seven towns that received 10 cents or less over the reporting period. Includes information provided to the Department of Energy and Environmental Protection from the Wine & Spirits Wholesalers of CT (WSWC); Payments to Municipalities from Fees on Miniature Alcohol Bottles; <https://portal.ct.gov/DEEP/Reduce-Reuse-Recycle/Bottles/Bottle-Bill-Stakeholder-Process>

Preliminary

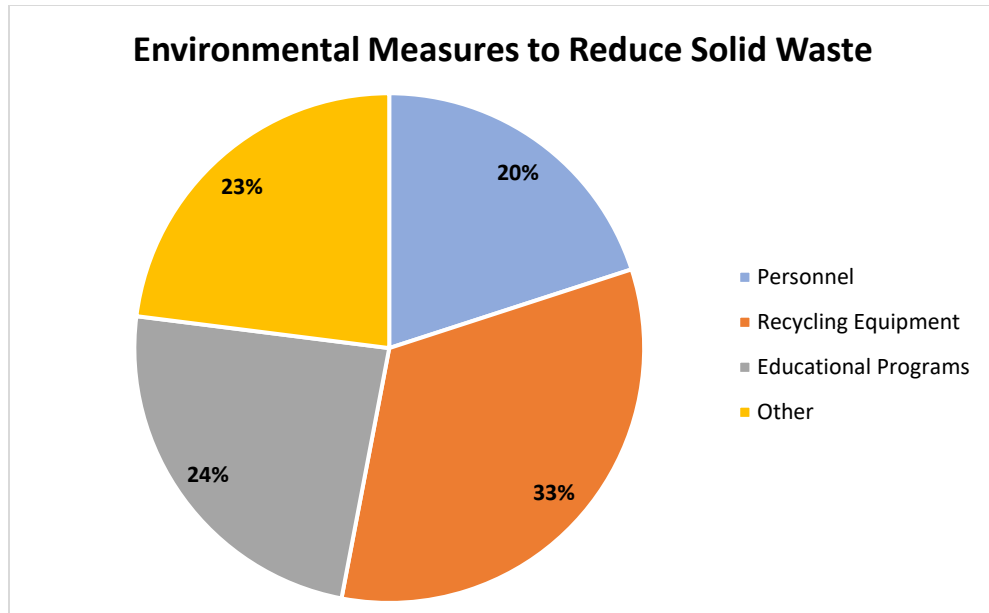
From September 20, 2023, through December 1, 2023, the Council received data on the expenditures of funds from 132 municipalities of 162 municipalities surveyed (81 percent). Of the 132 municipalities that provided data, 56 municipalities or approximately 42 percent indicated that no funds had been expended through June 30, 2023, and overall, only 29 percent of the total funds received by the reporting municipalities had been expended through June 30, 2023.

Subsection (d) of CGS section 22a-244b, stipulates that “all payments received by any municipality ... shall be expended by such municipality on environmental measures intended to reduce the generation of solid waste in such municipality or reduce the impact of litter caused by such solid waste, including, but not limited to, the hiring of a recycling coordinator, the installation of storm drain filters designed to block solid waste and beverage container debris or the purchase of a mechanical street sweeper, vacuum or broom that removes litter, including, but not limited to, such beverage containers and other debris from streets, sidewalks and abutting lawn and turf areas.”

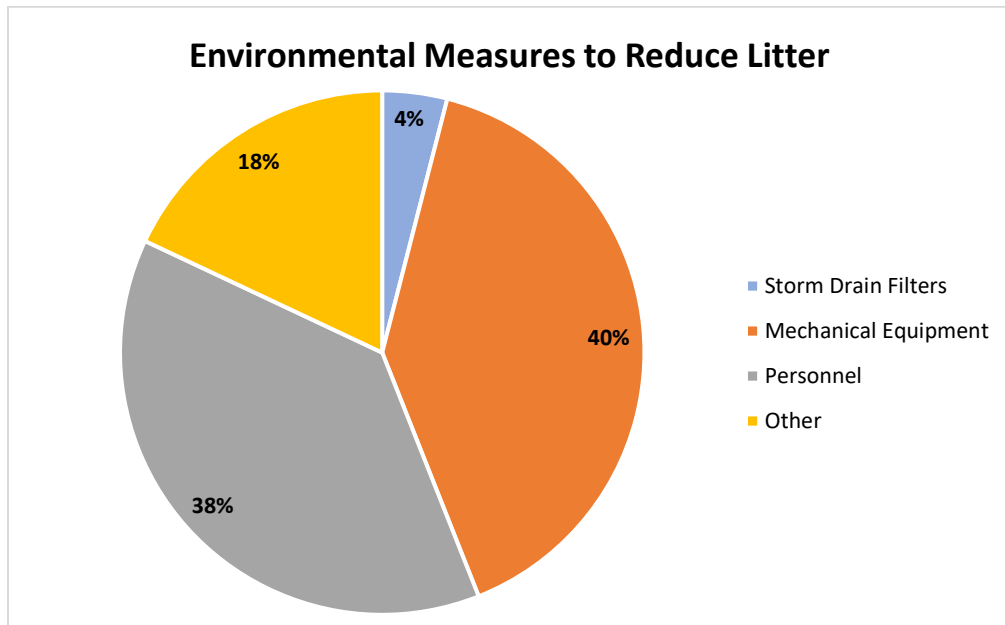
Through June 30, 2023, approximately 42 percent of the funds received from the surcharge on the Nips was expended to reduce the generation of solid waste, and approximately 58 percent was expended to reduce the impact of litter caused by such solid waste. Some municipalities reported using some or all of the funds on one or more environmental measures to reduce solid waste and to reduce the impact of litter. It should be noted that only ten of the municipalities reported using all of the funds they received through June 30, 2023.



Some municipalities reported using some or all of the funds on one or more environmental measures to reduce solid waste. Approximately 20 percent of the environmental measures intended to reduce solid waste involved personnel costs, including the hiring of a recycling coordinator; 24 percent for education efforts; 33 percent for recycling equipment; and 23 percent for other measures, which are listed in Appendix A.



Some municipalities reported using some or all of the funds on one or more environmental measures to reduce the impact of litter. Approximately four percent of the environmental measures intended to reduce the impact of litter involved installation of storm drain filters; 40 percent for equipment for the mechanical collection of litter, such as street sweeper; 38 percent to support the collection of litter by personnel; and 18 percent for other measures, which are listed in Appendix A.



As noted above, the Council undertook a survey of all 162 municipalities that received funds through the surcharge on Nips. Approximately 81 percent of the 162 municipalities surveyed provided information regarding the use of the funds through June 30, 2023, which represents 76 percent of the funds allocated to the municipalities through June 2023. While the revisions to

Preliminary

CGS section 22a-12 requires the Council to undertake a review of the programs and measures of local governments implemented pursuant to subsection (d) of section 22a-244b, there is no requirement that the municipalities, which received funds through the surcharge on Nips, provide information on how the funds were used, nor is there any enforcement or penalty if the funds are used for purposes other than those outlined in the legislation. However, under existing law, CGS section 22a-220 (h), states that each municipality, or its designated regional agent, shall annually provide a report to the Commissioner of Energy and Environmental Protection describing the measures taken during the preceding year to meet its obligations for the safe and sanitary disposal of all solid wastes which are generated within its boundaries. The annual report from each municipality could include information on how the funds generated by the surcharge on Nips are expended. Furthermore, DEEP, as a regulatory agency, could be empowered to ensure that the municipalities are utilizing the funds consistent with the intent of the legislation.

The Nips, which are composed of plastic or glass, are not redeemable but are recyclable from a materials standpoint; however, the Nips are difficult to process at reverse vending machines and at Connecticut's single stream recycling facilities due to equipment limitations. Redeeming and/or recycling the Nips would require investment in machinery, for both redeeming the Nips in reverse vending machines and recycling at single stream facilities since most existing machinery is designed for larger containers. Redeeming Nips at the point of sale might also cause complications as retail stores often do not have adequate storage space to receive returns.

Appendix A – List of Other Measures

The following “other” measures were reported by one or more municipalities for how some or all of the funds received from the surcharge on Nips were expended during the reporting period. The Council has made **no** determination on whether the measures listed below are consistent with the provisions of Subsection (d) of CGS section 22a-244b.

- Household hazardous waste disposal day
- Subsidize the cost of overall municipal recycling
- Create or subsidize municipal compost program
- Reusable forks, spoons, and insulated bags for schools
- Bulky waste program
- Purchase of dumpster
- Establishment of a Nip patrol program
- Product stewardship study of producer packaging
- Legal fees for creation of recycling contract with 3rd party
- Supplies for municipal earth day clean up
- Geographic Information System (GIS) mapping of storm drain locations
- Construction of attendant building at transfer station
- Signage and materials for adopt-a-road program
- Jobs training program providing beautification services including waste/litter removal

PUBLIC ACT 23-76 AN ACT CONCERNING THE LABELING OF CERTAIN BEVERAGE CONTAINERS, THE REVIEW OF MUNICIPAL PROGRAMS FUNDED BY NIP PAYMENTS AND THE RETURN OF BEVERAGECONTAINERS FOR THE REDEMPTION VALUE.

Section 1. Subsection (a) of section 22a-12 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

(a) The council shall submit annually to the Governor an environmental quality report, which shall set forth: (1) The status of the major environmental categories including, but not limited to, the air, the water and the land environment; (2) current and foreseeable trends in the quality, management and utilization of the environment and the effects of such trends on the social, economic and health requirements of the state; (3) the adequacy of available natural resources for fulfilling human and economic requirements of the state in the light of projected population pressures; (4) a review of the programs and activities of the state and local governments and private organizations, with particular reference to their effect on the environment and on the conservation, development and utilization of natural resources, including, but not limited to, programs and measures of local governments implemented pursuant to subsection (d) of section 22a-244b; (5) a program for remedying the deficiencies of existing programs and activities, together with recommendations for legislation; and (6) the progress towards achievement of the goals and objectives established in the state-wide environmental plan.

PUBLIC ACT NO. 21-58 - AN ACT CONCERNING SOLID WASTE MANAGEMENT

Sec. 10. (NEW) (Effective October 1, 2021) (a) Notwithstanding any provision of the general statutes, on and after October 1, 2021, any beverage container containing a spirit or liquor of fifty milliliters or less shall be assessed a five-cent surcharge by the wholesaler of such beverage container to the retailer of such beverage container and by the retailer of such beverage container to the consumer of such beverage container. Any surcharge transaction described in this section shall be distinct and clearly identify the surcharge from the price of such beverage container and shall not be subject to any sales tax or treated as income pursuant to any provision of the general statutes.

(b) The payment of said surcharge by a retailer shall be a debt of a retailer upon purchase from any such wholesaler and shall be subject to all posting requirements in the event of delinquency.

(c) On April 1, 2022, and every six months thereafter, payment shall be remitted by each wholesaler to every municipality where any such beverage container was sold during the preceding six-month period by such wholesaler. Such payment shall be at the rate of five cents for every such beverage container sold within such municipality by such wholesaler. Concomitant with any payment made by a wholesaler to a municipality pursuant to this subsection, such wholesaler shall file a report with the Department of Revenue Services and the Department of Consumer Protection's Liquor Control Division, detailing the number of such beverage containers sold in each municipality by such wholesaler in the preceding six-month period.

(d) All payments received by any municipality pursuant to the provisions of subsection (c) of this section shall be expended by such municipality on environmental measures intended to reduce the generation of solid waste in such municipality or reduce the impact of litter caused by such solid waste, including, but not limited to, the hiring of a recycling coordinator, the installation of storm drain filters designed to block solid waste and beverage container debris or the purchase of a mechanical street sweeper, vacuum or broom that removes litter, including, but not limited to, such beverage containers and other debris from streets, sidewalks and abutting lawn and turf areas.