

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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S.227 An act relating to the provision of personal care products by lodging establishments – Senate Natural Resources and Energy Recommendation of Amendment – Draft 2.2

<https://legislature.vermont.gov/Documents/2020/WorkGroups/Senate%20Finance/Bills/S.227/S.227~Michael%20O'Grady~%20Draft%202.2,%203-13-2020%20-%20As%20Recommended%20by%20Senate%20Natural~5-26-2020.pdf>

Bill Summary

The bill would establish a future ban on the provision of small containers of personal care product in lodging establishment guest rooms and guest spaces, in addition to other provisions related to material disposal management.

1. Sec. 1-2 pertain to the ban on small single-use personal care product containers. The ban would go into effect on January 1, 2023 for lodging establishments with more than 50 rooms and on January 1, 2024 for those with 50 or fewer rooms. Establishments would still be allowed to provide containers if requested by guests, but could not place them in guest rooms, guest bathrooms, or public spaces within the establishment. The Agency of Natural Resources (ANR) and the Dept. of Health (VDH) would be able to pursue action against violators.
2. Sec. 3 would require Legislative Council to report to the General Assembly on extended producer responsibility for packaging and printed material. The report would be due on January 15, 2021 in the form of draft legislation.
3. Sec. 4-5 pertain to beverage container commingling programs. The bill would increase the reimbursement rate at which manufacturers and distributors of beverage containers pay to redemption centers from \$0.04/container to \$0.05/container. This rate change would only apply to manufacturers and distributors that do not participate in a commingling agreement. The Secretary of ANR would be permitted flexibility within regulation in approving future commingling agreements.
4. Sec. 6-8 pertain to battery stewardship and disposal. The definition of primary battery would be altered, a provision pertaining to primary battery stewardship plan performance goals would be added, and all batteries would be banned from landfills starting on July 1, 2020.

Fiscal Analysis

Sec. 1-2

- *Sales and Use Tax revenues* – Once the ban goes into effect, lodging establishments would no longer purchase significant quantities of personal care products in single-use

containers, which could impact sales and use tax revenues to the state. The impact will likely be minimal for the following reasons:

- 1) There is evidence that many larger hotel chains are already shifting away from single-use containers¹, so by the time the ban goes into effect in 2023-2024 the use of containers will likely be diminished.
- 2) Much of the lost revenue from single-use containers will likely be offset by purchases of bulk personal care product for in-room dispensers. Additionally, establishments will likely begin installing dispensers, which will increase sales and use tax revenue in the years preceding the ban.
- 3) Establishments will still be able to provide single-use containers upon request, so purchases of the containers will continue to be made at a much smaller scale.

State fiscal impact: minimal (less than \$30,000 annually)

- *Administrative Costs* – ANR and VDH would be authorized to enforce the ban when it goes into effect. Any enforcement action would go before the Judicial Bureau. Presumably, most enforcement actions would be the result of lodging inspections that are already performed by VDH. Because many lodging establishments will likely already be conforming to the ban when it goes into effect it is unlikely that there would be a significant number of enforcement actions. Any administrative costs will likely be minimal.

Sec. 3

No state impact

Sec. 4-5

The intent of the reimbursement rate increase for non-commingling agreement participants is twofold: **1)** provide funding to redemption centers that more adequately reflects the costs to operate, and **2)** to encourage more participation in commingling agreements. To further encourage participation, the bill would grant flexibility to the ANR Secretary to approve future agreements. Impacted manufacturers and distributors could choose to pass the rate increase onto consumers. It is unclear whether they would choose to do so but given the relatively modest rate increase it is unlikely that consumer behavior would be altered in a way that would substantively impact state revenues.

Sec. 6-8

No state impact

¹ <https://www.vox.com/the-goods/2019/9/19/20863270/tiny-plastic-toiletries-ban>