

TESTIMONY OF
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DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

Before the Joint Standing Committee on Environment and Natural Resources

Hearing Date: *Monday, May 15, 2023, 11:00 AM*

L.D. 1909 – “*An Act to Modernize Maine's Beverage Container Redemption Law*”

L.D. 1910 – “*An Act to Amend the Returnable Beverage Container Program*”

Senator Brenner, Representative Gramlich, and members of the Environment and Natural Resources Committee – good morning, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am providing testimony the request of the Administration Neither For Nor Against L.D. 1909, “*An Act to Modernize Maine's Beverage Container Redemption Law*,” and L.D. 1910, “*An Act to Amend the Returnable Beverage Container Program*.¹”

As Maine Revenue Services (or “MRS”) currently administers the reporting and remittance of the abandoned deposit fees by initiators of deposit, this testimony today is limited to the impact of these bills on MRS.

Both of these bills would require all initiators of deposit to enter into commingling agreements; Representative Hepler’s proposal, L.D. 1909, would have all initiators in commingling agreements no later than April 15, 2024. L.D. 1910, Representative Crockett’s proposal, does not specify a date by which initiators not in commingling agreements must be placed into a commingling group managed by the Maine Commingling Cooperative. L.D. 1910 then provides a phase-out of the remittance of the abandoned deposit fees by those initiators in the Maine Commingling Cooperative, ultimately repealing the remittance of the abandoned deposits on January 1, 2028.

L.D. 1910 is unclear as to how the phase-out is intended to operate. It is unclear whether a commingling group would still be required to file monthly IOD returns beginning in 2025 in order to retain 25% of the “funds otherwise due under [that] section,” or if a single initiator within the commingling group reports individually to the commingling group, retaining the 25%, and then the commingling group reports as a single entity.

Section 31 in L.D. 1909 would require that commingling cooperatives “turn over [to MRS]” the dollar amount—if any—by which unclaimed deposits exceed expended deposits. Without more detail, MRS cannot determine what implementation of this requirement would entail.

Both proposals would ultimately end the requirement of reporting abandoned deposit fees to MRS, resulting in a streamlining of administration. However, L.D. 1909 may be the more straightforward proposal with clearly defined dates and procedures.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee’s questions.