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**SUBSTITUTE HOUSE BILL 2144**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** House Environment & Energy (originally sponsored by Representatives Stonier, Berry, Taylor, Reed, Ramel, Peterson, Callan, Macri, Street, Gregerson, Berg, Fosse, Doglio, Pollet, Kloba, and Davis)

1 AN ACT Relating to providing for a deposit return program for  
2 qualifying beverage containers to be implemented by a distributor  
3 responsibility organization; amending RCW 82.19.050 and 70A.245.100;  
4 adding a new section to chapter 82.04 RCW; adding a new section to  
5 chapter 35.21 RCW; adding a new section to chapter 35A.21 RCW; adding  
6 a new section to chapter 36.01 RCW; adding a new chapter to Title 70A  
7 RCW; creating a new section; prescribing penalties; and providing an  
8 expiration date.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

10 NEW SECTION. **Sec. 1.** INTENT. (1)(a) The legislature finds that  
11 the department was directed, through an independent consultant, to  
12 study how plastic packaging is managed in the state, to assess  
13 various policy options, and to provide recommendations to achieve  
14 certain goals, which include:

15 (i) Plastic packaging sold into the state is 100 percent  
16 recyclable, reusable, or compostable by January 1, 2025; and

17 (ii) Plastic packaging sold into the state incorporates at least  
18 50 percent postconsumer recycled content by January 1, 2030.

19 (b) The legislature also finds that the study recommends that a  
20 deposit return system is an effective way for producers to meet  
21 outcomes required by an extended producer responsibility framework.

1 (2) The legislature finds that a 2023 study commissioned by the  
2 department examined potential material recovery targets for consumer  
3 packaging and found that the best possible recovery, reuse, and  
4 recycling outcomes were made possible with an extended producer  
5 responsibility system combined with a deposit return system for  
6 qualifying beverage containers.

7 (3) Deposit return systems provide consumers with a financial  
8 incentive to return their used beverage container packaging. These  
9 systems may charge consumers a deposit at the point of sale that is  
10 reimbursed as a refund when the beverage container is returned  
11 through the deposit return system.

12 (4) The legislature intends that packaging materials be recycled  
13 or reused through a deposit return system for qualifying beverage  
14 containers and extended producer responsibility programs for other  
15 packaging materials. It is the intent of the legislature that a  
16 deposit return system for qualifying beverage containers incentivizes  
17 innovation, consumer participation, and industry stewardship to  
18 minimize environmental impacts.

19 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this  
20 section apply throughout this chapter unless the context clearly  
21 requires otherwise.

22 (1) "Dealer" means any person, corporation, partnership,  
23 business, facility, vendor, organization, or individual that sells or  
24 provides merchandise, goods, or materials directly to a consumer that  
25 engages in the sale of beverages in qualifying beverage containers  
26 intended for consumption off site.

27 (2) "Department" means the department of ecology.

28 (3) "Deposit return system" means a qualifying beverage container  
29 redemption program that pays a per-unit refund value to consumers for  
30 qualifying beverage containers and collects and processes qualifying  
31 beverage containers as described in this chapter.

32 (4) "Distributor" means any person or entity who engages in the  
33 sale of beverages in qualifying beverage containers to a dealer or  
34 entity that sells beverages in qualifying beverage containers to  
35 consumers for consumption on-site in this state, including any  
36 manufacturer or importer who engages in such sales to dealers,  
37 entities that sell beverages in qualifying beverage containers to  
38 consumers for consumption on-site, or directly to consumers, and  
39 dealers who self-distribute their own brands.

1 (5) "Distributor responsibility organization" means a cooperative  
2 association subject to chapter 23.86 RCW, or an alternative structure  
3 as approved by the department, that is designated by a group of  
4 distributors representing the majority of beverages sold in  
5 qualifying beverage containers in the state, to develop and carry out  
6 the activities required of distributors in this act.

7 (6) "Qualifying beverage container" means any separate, sealed  
8 glass, metal, or plastic bottle or can, except for a carton, foil  
9 pouch, drink box, or metal container that requires a tool to be  
10 opened, that contains any beverage intended for human consumption,  
11 and in a quantity of greater than four ounces and less than or equal  
12 to one gallon, except for products with dairy milk as a first  
13 ingredient and infant formula.

14 NEW SECTION. **Sec. 3.** RELATIONSHIP WITH OTHER PRODUCER  
15 RESPONSIBILITY PROGRAMS. Notwithstanding any other extended producer  
16 responsibility program or programs enacted by the legislature to  
17 address the recycling or reuse of qualifying beverage containers,  
18 upon the effective date of this section, all qualifying beverage  
19 containers and their closures and labels of all producers cease to be  
20 considered covered products in any other extended producer  
21 responsibility program and are instead subject to the requirements of  
22 this chapter. A producer responsibility organization or similar  
23 entity implementing an extended producer responsibility organization  
24 may not require the participation of producers or distributors of  
25 qualifying beverage containers or impose fees on producers or  
26 distributors of qualifying beverage containers and any closures or  
27 labels managed under this chapter.

28 NEW SECTION. **Sec. 4.** FORMATION OF A DISTRIBUTOR RESPONSIBILITY  
29 ORGANIZATION. (1) A group of distributors representing the majority  
30 of beverages in qualifying beverage containers sold in or into  
31 Washington may form a distributor responsibility organization to  
32 operate a deposit return system that meets the requirements of this  
33 chapter. To be approved as a distributor responsibility organization,  
34 a group of distributors must register with the department and  
35 demonstrate to the department's satisfaction that its initial  
36 membership represents the majority of beverages in qualifying  
37 beverage containers sold or made available for sale in the state.  
38 Distributors may not be members of or appear on the registration of

1 more than one distributor responsibility organization registering  
2 with the department.

3 (2) A distributor responsibility organization registering with  
4 the department must submit with its registration the following:

5 (a) A list of its member distributors and their brands of  
6 beverages in qualifying beverage containers; and

7 (b) The total gross unit sales volume of beverages in qualifying  
8 beverage containers distributed by its members in Washington during  
9 the preceding year.

10 (3) The department shall review registrations submitted by a  
11 distributor responsibility organization. Except for the registration  
12 of an individual distributor independently fulfilling the duties  
13 required of a distributor responsibility organization, the department  
14 may not approve the registration of a distributor responsibility  
15 organization whose initial membership at the time of registration  
16 does not represent a majority of beverages in qualifying beverage  
17 containers sold or made available for sale in Washington during the  
18 prior year. The department shall approve the registration of a  
19 distributor responsibility organization whose initial membership at  
20 the time of registration represents, to the department's  
21 satisfaction, a majority of beverages in qualifying beverage  
22 containers sold or made available for sale in Washington during the  
23 prior year. The department shall approve the registration of an  
24 individual distributor independently fulfilling the duties required  
25 of a distributor responsibility organization as described in section  
26 5 of this act.

27 (4) The requirements of this chapter do not take effect unless  
28 and until a distributor responsibility organization, other than a  
29 single distributor independently complying with the requirements of  
30 this chapter, is established and registers with the department to  
31 establish and operate a deposit return system, and has a plan  
32 approved by the department to do so.

33 NEW SECTION. **Sec. 5.** DISTRIBUTOR RESPONSIBILITY ORGANIZATION  
34 MEMBERSHIP AND DISTRIBUTORS INDEPENDENTLY CARRYING OUT THE DUTIES AND  
35 REQUIREMENTS OF A DISTRIBUTOR RESPONSIBILITY ORGANIZATION. (1) By  
36 October 1, 2025, or 120 days after a distributor responsibility  
37 organization's registration is approved by the department, whichever  
38 is later, each distributor that offers for sale, sells, or

1 distributes in or into Washington beverages in qualifying beverage  
2 containers must:

3 (a) Join a distributor responsibility organization; or

4 (b) Register with the department as a distributor independently  
5 carrying out all duties and requirements of a distributor  
6 responsibility organization as described in this chapter. These  
7 duties include, but are not limited to, the following: (i) Providing  
8 a convenient bulk bag drop-off system as described in section 12 of  
9 this act that accepts all qualifying beverage containers in the same  
10 bag and at no cost to consumers; (ii) providing the same number and  
11 geographic distribution of drop-off locations as a distributor  
12 responsibility organization; (iii) paying to consumers the refund  
13 value of qualifying beverage containers; (iv) meeting the performance  
14 targets described in section 9 of this act; (v) paying all applicable  
15 performance penalties required of a distributor responsibility  
16 organization in this chapter; and (vi) fulfilling all reporting  
17 requirements required in this chapter.

18 (2) Distributors that have not joined a distributor  
19 responsibility organization, or that do not independently fulfill the  
20 duties required of a distributor responsibility organization, may not  
21 sell or supply beverages in qualifying beverage containers in or into  
22 Washington after October 1, 2025, or 120 days after a distributor  
23 responsibility organization is approved by the department, whichever  
24 is later. Any distributor that operates in violation of this  
25 requirement is subject to penalties and damages as described in  
26 section 7 of this act.

27 (3) If a distributor responsibility organization, other than a  
28 single distributor independently fulfilling the requirements of a  
29 distributor responsibility organization, is approved by the  
30 department and operates a deposit return system as described in this  
31 chapter, all qualifying beverage containers are included in the  
32 deposit return system and all requirements of this chapter apply to  
33 the distributors of beverages in qualifying beverage containers.

34 NEW SECTION. **Sec. 6.** INITIAL REPORTING REQUIREMENTS. (1) (a)  
35 Until a distributor responsibility organization begins to submit  
36 annual reports as required in section 18 of this act, by January 15th  
37 of each year, a distributor responsibility organization must submit  
38 the following data for the prior calendar year:

1 (i) A list of its member distributors and their brands of  
2 beverages in qualifying beverage containers; and

3 (ii) The number of qualifying beverage containers sold or made  
4 available for sale in the state by members of the distributor  
5 responsibility organization, by material category and size.

6 (b) A distributor responsibility organization may rely on member  
7 reporting for the reporting requirements in this section.

8 (2) A distributor responsibility organization that submits  
9 information or records to the department under this chapter may  
10 request that the information or records be made available only for  
11 the confidential use of the department, the director, or the  
12 appropriate division of the department. The director of the  
13 department shall give consideration to the request, and if the  
14 director determines that this action is not detrimental to the public  
15 interest and is otherwise in accordance with policies and purposes of  
16 chapter 43.21A RCW, the director must grant the request for the  
17 information to remain confidential as authorized in RCW 43.21A.160.

18 NEW SECTION. **Sec. 7.** CALCULATION AND PAYMENT OF FEES TO THE  
19 DEPARTMENT AND DAMAGES OWED TO A DISTRIBUTOR RESPONSIBILITY  
20 ORGANIZATION. (1) The department shall implement, administer, and  
21 enforce this chapter. The department may adopt rules to implement,  
22 administer, and enforce this chapter.

23 (2) By April 1st of each year after a distributor responsibility  
24 organization's registration has been approved by the department, the  
25 department must:

26 (a) Prepare a workload analysis that, as narrowly, efficiently,  
27 and cost-effectively as possible, identifies the annual costs to  
28 implement, administer, and enforce this chapter, including rule  
29 making, in the next fiscal year;

30 (b) Determine a total annual fee payment to be paid by a  
31 distributor responsibility organization to cover, but not exceed, the  
32 costs of implementing, administering, and enforcing this chapter  
33 identified through the workload analysis; and

34 (c) Send notice to a distributor responsibility organization of  
35 the fee amounts due.

36 (3) By June 30th of the fiscal year of approval of a distributor  
37 responsibility organization registration and every June 30th  
38 thereafter, a distributor responsibility organization registered with  
39 the department shall submit an annual payment to the department to

1 fund the costs to implement, administer, and enforce this chapter,  
2 including rule making, as identified through the workload analysis.

3 (4) In lieu of the annual fee payment required of the distributor  
4 responsibility organization, 120 days after a distributor  
5 responsibility organization's registration has been approved by the  
6 department, a distributor independently carrying out the duties and  
7 requirements of a distributor responsibility organization described  
8 in this chapter shall pay a registration fee to the department equal  
9 to 10 cents per qualifying beverage container until such time as a  
10 distributor responsibility organization begins operating a deposit  
11 return system.

12 (5) After a distributor responsibility organization begins  
13 operating a deposit return system, and after notification of  
14 noncompliance from the department and a 60-day cure period, the  
15 department shall administratively impose a civil penalty to any  
16 distributor who fails to participate in a distributor responsibility  
17 organization as specified in section 5 of this act, or fails to  
18 otherwise comply with the requirements of this chapter by  
19 independently carrying out the duties of a distributor responsibility  
20 organization described in this chapter, which must be at least 15  
21 cents per beverage in a qualifying beverage container sold or made  
22 available for sale by the distributor in the state, or \$10,000,  
23 whichever is greater.

24 (6) Any distributor who incurs a penalty under this section may  
25 appeal the penalty to the pollution control hearings board created in  
26 chapter 43.21B RCW.

27 (7) Fees paid by distributors not participating in a distributor  
28 responsibility organization under this section must be deposited into  
29 the deposit return organization program account created in section 24  
30 of this act and used by the department to offset the costs of  
31 implementing the requirements of this chapter.

32 (8) Penalties paid by distributors not participating in a  
33 distributor responsibility organization under this section must be  
34 deposited into the recycling enhancement account created in RCW  
35 70A.245.100.

36 (9) Notwithstanding the requirements of this section, a  
37 manufacturer distributor producing a de minimis quantity of beverages  
38 in refillable qualifying beverage containers may alternatively comply  
39 with the requirements of this chapter by operating a small-scale

1 refund program approved by the department, as described in section 21  
2 of this act.

3 (10) Unless otherwise specified in a distributor responsibility  
4 organization's bylaws or in a contract between a distributor  
5 responsibility organization and an individual distributor arranging  
6 specifically for the collection of qualifying beverage containers  
7 sold for the purpose of consumption on premises, after a distributor  
8 responsibility organization begins operating a deposit return system,  
9 any manufacturer, distributor, or importer that fails to pay to a  
10 distributor responsibility organization the refund value of  
11 qualifying beverage containers included in this chapter is liable to  
12 the distributor responsibility organization for treble the unpaid  
13 refund value and treble the collection costs incurred by the  
14 distributor responsibility organization for any qualifying beverage  
15 containers that were sold without the refund value of the container  
16 being remitted to the distributor responsibility organization.

17 NEW SECTION. **Sec. 8.** RESTRICTIONS ON THE USE OF FUNDS FROM  
18 UNCLAIMED REFUNDS. (1) A distributor responsibility organization may  
19 not distribute or otherwise disseminate funds from unclaimed refunds  
20 to members of the distributor cooperative, or alternative structure  
21 approved by the department, as a dividend or similar form of profit,  
22 and shall report on this requirement annually in the manner described  
23 in section 18 of this act.

24 (2) A distributor responsibility organization may not use funds  
25 from unclaimed refunds for the purpose of legislative or political  
26 advocacy efforts that would require reporting under chapter 42.17A  
27 RCW and the distributor responsibility organization shall report on  
28 this requirement annually in the manner described in section 18 of  
29 this act.

30 NEW SECTION. **Sec. 9.** REUSE AND RECYCLING PERFORMANCE  
31 REQUIREMENTS, VERIFICATION, AND PERFORMANCE PENALTIES. (1) To meet  
32 the reuse and recycling performance requirements established in this  
33 section, a distributor responsibility organization shall calculate  
34 the reuse sales rate and the redemption rate of qualifying beverage  
35 containers and provide the verification to the department as part of  
36 the annual reporting requirements. The reuse sales rate is the number  
37 of qualifying beverage containers in reusable packaging sold in a  
38 year. For materials reclaimed under a deposit return system, the



1 calculation point for the redemption rate is the number of qualifying  
2 beverage containers redeemed statewide by the distributor  
3 responsibility organization divided by the number of beverages in  
4 qualifying beverage containers sold in the state by members of the  
5 distributor responsibility organization.

6 (2) At a minimum, a deposit return system plan submitted by a  
7 distributor responsibility organization must achieve the following  
8 performance requirements:

9 (a) A minimum of 60 percent of all qualifying beverage containers  
10 supplied into the state are redeemed for reuse or recycling through  
11 the deposit return system in the data reported for 2029 through 2031;

12 (b) A minimum of 80 percent of all qualifying beverage containers  
13 supplied into the state are redeemed for reuse or recycling through  
14 the deposit return system in the data reported for 2032 and  
15 thereafter; and

16 (c) By December 31, 2032, sales of beverages in reusable  
17 packaging must reach at least one percent of all qualifying beverage  
18 containers.

19 (3) The department shall make public the annual reporting of the  
20 redemption rate and reuse sales rate required of the distributor  
21 responsibility organization registered by the department and any  
22 individual distributor independently complying with the requirements  
23 of this chapter.

24 (4) (a) In order to determine compliance with the redemption rate  
25 performance targets, the department may, within 120 days of the date  
26 that the department receives a report as described in section 18 of  
27 this act, review the records of a distributor responsibility  
28 organization specifically related to the accuracy of the redemption  
29 rate. The records specifically related to the accuracy of the  
30 redemption rate do not include financial details of a distributor  
31 responsibility organization.

32 (b) If in the course of a review described in (a) of this  
33 subsection, the department determines that an audit of a distributor  
34 responsibility organization is necessary to verify the redemption  
35 rate, the department shall require the distributor responsibility  
36 organization to retain an independent audit firm to determine the  
37 accuracy of the redemption rate. The scope of this audit is limited  
38 to records specifically related to the accuracy of the redemption  
39 rate. A distributor responsibility organization that is subject to

1 review shall pay the costs of the audit. The audit is limited to the  
2 records described in (a) of this subsection.

3 (5) In lieu of any other penalties for not achieving the  
4 performance criteria in this section, should the redemption rate  
5 performance requirements described in this section not be met, the  
6 distributor responsibility organization shall annually calculate the  
7 number of containers representing the difference between the  
8 redemption rate of qualifying beverage containers and the redemption  
9 rate performance requirements described in this section, and pay a  
10 penalty that is equal to 10 cents times the number of containers  
11 representing the difference, to be deposited into the model toxics  
12 control operating account created in RCW 70A.305.180.

13 (6) At the sole discretion of the department, if the requirements  
14 of this section result in a penalty to be paid by the distributor  
15 responsibility organization, the department may alternatively  
16 identify priority areas for additional drop-off access to be  
17 provided, or may identify a reduction in the penalty to be paid in  
18 conjunction with the identification of priority areas for additional  
19 drop-off access to be provided, and the department and the  
20 distributor responsibility organization may agree to provide  
21 additional access accordingly. If agreement is not reached, the  
22 financial penalties in subsection (5) of this section must be paid.

23 (7) A penalty may not be assessed on the distributor  
24 responsibility organization related to the reuse performance  
25 requirements described in this section.

26 NEW SECTION. **Sec. 10.** DEPOSIT RETURN SYSTEM PLAN SUBMITTAL,  
27 APPROVAL PROCESS, AND DEPLOYMENT. (1) Beginning July 1, 2027, or  
28 within 180 days of the first adoption of rules under this chapter,  
29 whichever is later, a distributor responsibility organization with an  
30 approved registration with the department shall submit a plan to the  
31 department that meets the requirements of sections 11 through 20 of  
32 this act.

33 (2) The department shall evaluate the plan submitted by the  
34 distributor responsibility organization and make a determination of  
35 approval within 60 days of receiving the plan. The department shall  
36 approve the plan if it substantially meets the requirements of  
37 sections 11 through 20 of this act. The department shall disapprove  
38 the plan if it does not substantially meet the requirements of  
39 sections 11 through 20 of this act. If the department disapproves the

1 plan of a distributor responsibility organization, the department  
2 shall provide a detailed explanation of its reasons for disapproval.

3 (3) Upon receipt of a plan disapproval and the department's  
4 detailed explanation for disapproving the plan, a distributor  
5 responsibility organization has 60 days to submit an amended plan to  
6 the department. Within 60 days, the department shall review and  
7 approve the amended plan if it substantially meets the requirements  
8 of sections 11 through 20 of this act or deny the amended plan if it  
9 does not substantially meet the requirements of sections 11 through  
10 20 of this act.

11 (4) If a distributor responsibility organization fails to submit  
12 a plan by July 1, 2027, or within 180 days of the first adoption of  
13 rules relating to this chapter, whichever is later, or if a  
14 distributor responsibility organization fails to submit an amended  
15 plan within 60 days of a plan disapproval or a disapproval of an  
16 amended plan, the contingency plan described in section 27 of this  
17 act must be engaged.

18 (5) Upon receipt of the department's approval of a distributor  
19 responsibility organization's plan or amended plan to operate a  
20 deposit return system, the distributor responsibility organization  
21 shall implement a deposit return system as described in its approved  
22 plan by July 1, 2028, or within one year of first adoption of rules  
23 under this chapter, or within one year of the department's approval  
24 of the plan, whichever is later.

25 NEW SECTION. **Sec. 11.** REFUND VALUE, LABELING OF REFUND VALUE,  
26 AND COLLECTION OF REFUND VALUE. (1) A distributor responsibility  
27 organization operating a deposit return system shall provide a refund  
28 value of 10 cents per qualifying beverage container purchased in  
29 Washington and presented for a refund through the deposit return  
30 system, except in cases described in section 19 of this act.

31 (2) If a distributor responsibility organization's deposit return  
32 system plan is approved by the department, except for containers  
33 covered by a small-scale refund program established under section 21  
34 of this act, all qualifying beverage containers sold or offered for  
35 sale in the state of Washington must:

36 (a) Carry a 10 cent refund value;

37 (b) Be registered at least annually with the distributor  
38 responsibility organization by the producer or distributor, including  
39 information on the brand, size, container material type or types,

1 beverage type, bar code or stock-keeping unit information, and total  
2 number of containers of each type, size, and brand sold in the state  
3 of Washington;

4 (c) Be sold by a distributor, importer, or producer that is a  
5 member of the distributor responsibility organization submitting the  
6 deposit return system plan for qualifying beverage containers or an  
7 individual distributor independently carrying out the duties required  
8 of a distributor responsibility organization described in this  
9 chapter; and

10 (d) Carry a clear and conspicuous marking indicating the refund  
11 value of the container in the state of Washington. This requirement  
12 may be satisfied through the abbreviation "WARV" or any other  
13 standard abbreviation approved by the department. A qualifying  
14 beverage container for wine may satisfy the requirement to indicate  
15 the refund value of the container through the use of a quick response  
16 code.

17 (3) A distributor responsibility organization registered with the  
18 department may require deposits to be collected to offset the refund  
19 value up to 60 days prior to the start of the deposit return system.  
20 Distributors, dealers, and other entities engaging in the sale of  
21 beverages in qualifying beverage containers may charge a deposit at  
22 the time of sale.

23 NEW SECTION. **Sec. 12.** BULK DROP-OFF PROGRAM AND DROP-OFF  
24 NETWORK FOR COLLECTING QUALIFYING BEVERAGE CONTAINERS. (1) The  
25 distributor responsibility organization must, at its own cost,  
26 provide a convenient bulk drop-off option for bagged qualifying  
27 beverage containers through a network of geographically dispersed  
28 locations in Washington that sell beverages in qualifying beverage  
29 containers, are located a convenient distance from a dealer, are  
30 located at a publicly owned facility, or are otherwise convenient for  
31 consumers. The distributor responsibility organization may not charge  
32 customers for the use of this drop-off service and must credit the  
33 cost of any required bag purchase back to the customer when the bag  
34 is returned and processed through the deposit return system.

35 (2) The distributor responsibility organization shall provide a  
36 sufficient number and distribution of drop-off facilities to achieve  
37 the redemption rate performance requirements included in section 9 of  
38 this act. The distributor responsibility organization's plan  
39 submitted to the department must provide an analysis and rationale

1 supporting how the distributor responsibility organization's proposed  
2 distribution of drop-off facilities is designed to meet the  
3 redemption rate performance requirements included in section 9 of  
4 this act. Within the number of locations necessary to achieve the  
5 redemption rate performance targets identified through the analysis  
6 and rationale included in its plan, the distributor responsibility  
7 organization shall prioritize the following factors in making drop-  
8 off facility location decisions: (a) Proximity to the volume of  
9 beverage sales occurring in an area; (b) access in rural counties;  
10 (c) access in small cities; (d) convenient access for people living  
11 in communities serviced by the Washington state ferries system; and  
12 (e) convenient access for people in economically strained areas and  
13 in underserved urban areas.

14 (3) The distributor responsibility organization, with input from  
15 the consumer convenience advisory council established in section 14  
16 of this act, may provide alternative access plans for areas where the  
17 beverage sales volume would otherwise necessitate drop-off capacity,  
18 but where drop-off locations cannot be secured. The department may  
19 approve the alternative access plan if it deems it to be similarly  
20 convenient to consumers.

21 (4) All dealers over 5,000 square feet and with qualifying  
22 beverage container unit sales greater than 100,000 annually must  
23 install a self-serve kiosk, provided at no charge by the distributor  
24 responsibility organization, to facilitate the printing of redemption  
25 vouchers, pay the value of redemption vouchers to customers, and must  
26 sell bags for the bulk redemption program at the price established by  
27 the distributor responsibility organization. The distributor  
28 responsibility organization shall reimburse dealers for the value of  
29 valid vouchers redeemed by customers. Dealers may additionally offer  
30 a voucher redemption option for funds to be used as store credit.  
31 There is no other cost or requirement for dealers associated with  
32 container redemption.

33 (5) Drop-off locations may be located at dealers, or any other  
34 retail establishment, publicly owned facility, or any other location  
35 convenient to consumers. However, nothing in this chapter may be  
36 interpreted to create a legal obligation on the part of dealers  
37 either to accept returned qualifying beverage containers or allow a  
38 drop-off location to be sited at a dealer.

39 (6) Storage and drop-off containers sited for the purpose of  
40 fulfilling the requirements of this section are considered temporary

1 mobile containers regardless of whether they have wheels, have  
2 electrical power, or are affixed to the site.

3 (7) If the distributor responsibility organization uses automated  
4 industrial counting equipment to count containers returned in bulk  
5 and credit refund values to consumers, the distributor responsibility  
6 organization may use commercially viable methods of counting, and  
7 shall have a customer service system, which serves as the sole remedy  
8 to resolve complaints and discrepancies.

9 (8) The distributor responsibility organization may create  
10 reasonable terms and conditions for participation in the program.

11 NEW SECTION. **Sec. 13.** DROP-OFF CAPACITY FORMULA AND NETWORK  
12 GROWTH AND REALIGNMENT. (1) The number of locations required to be  
13 provided by the distributor responsibility organization in an  
14 approved plan to achieve the redemption rate performance targets  
15 required for the 2032 reporting year must be used to calculate a  
16 drop-off capacity formula. The drop-off capacity formula is equal to  
17 the ratio of drop-off locations required in the distributor  
18 responsibility organization's approved plan to achieve the 2032  
19 redemption rate performance targets to total anticipated sales of  
20 beverages in qualifying beverage containers the prior year.

21 (2) Five years after the distributor responsibility organization  
22 begins operating a deposit return system, and every five years after  
23 that, the distributor responsibility organization shall calculate an  
24 updated number of drop-off locations required using the drop-off  
25 capacity formula. If this calculation determines that the distributor  
26 responsibility organization needs to add additional drop-off sites to  
27 reach the number required by the drop-off capacity formula, the  
28 distributor responsibility organization shall provide the department  
29 with a list of proposed new locations, equal to the number determined  
30 by the drop-off capacity formula, disbursed based on the factors  
31 included in section 12 of this act and input from the consumer  
32 convenience advisory council established in section 14 of this act.  
33 The distributor responsibility organization shall make the new drop-  
34 off locations available within three years.

35 NEW SECTION. **Sec. 14.** CONSUMER CONVENIENCE ADVISORY COUNCIL.  
36 (1) The distributor responsibility organization shall establish the  
37 consumer convenience advisory council by January 1, 2026, or 60 days

1 after a distributor responsibility organization's registration is  
2 approved by the department, whichever is later.

3 (2) The consumer convenience advisory council shall include the  
4 following members: (a) A representative of the distributor  
5 responsibility organization charged with securing and making  
6 available drop-off locations; (b) two representatives of a grocery  
7 association or individual grocer with more than 10 retail locations  
8 over 5,000 square feet in size in the state; (c) two representatives  
9 of a city association, or individual city government, with one  
10 representing a city with a population over 200,000 people; (d) two  
11 representative of a county association, or individual county  
12 government, with one representing an urban county and one  
13 representing a rural county; (e) an environmental organization; and  
14 (f) an organization representing glass, plastic, or metal beverage  
15 container packaging.

16 (3) Any additional representatives beyond those specified in  
17 subsection (2) of this section deemed by the distributor  
18 responsibility organization to provide important insight into  
19 assisting with the deployment of drop-off locations may be approved  
20 by the department.

21 (4) The consumer convenience advisory council shall: (a) Work  
22 with the distributor responsibility organization to identify  
23 potential bag drop-off locations and achieve the consumer convenience  
24 required in section 12 of this act; (b) provide input on the location  
25 of new sites required by the drop-off capacity formula as described  
26 in section 13 of this act; and (c) consult in the selection of the  
27 third-party firm to conduct the consumer convenience assessment as  
28 described in section 15 of this act.

29 (5) The consumer convenience advisory council shall meet at least  
30 twice per year and more frequently at the request of the distributor  
31 responsibility organization.

32 NEW SECTION. **Sec. 15.** CONSUMER CONVENIENCE ASSESSMENT AND  
33 UPDATED PLAN SUBMISSIONS. (1)(a) In the fourth and ninth full year in  
34 which a distributor responsibility organization operates a deposit  
35 return system in the state, the distributor responsibility  
36 organization, in consultation with the department and the consumer  
37 convenience advisory council established in section 14 of this act,  
38 shall retain a third-party consultant to conduct an assessment of  
39 consumer convenience.

1 (b) The distributor responsibility organization shall contract  
2 with and pay for the independent third-party consultant to identify  
3 any barriers to achieving the redemption rate performance  
4 requirements in section 9 of this act, including an analysis of any  
5 potential geographic differences in the redemption rate in rural  
6 communities and underserved areas of the state.

7 (2) If the third-party assessment finds that the number of drop-  
8 off locations required in the distributor responsibility  
9 organization's plan under section 9 of this act has not been reached,  
10 that the redemption rate is significantly below the redemption rate  
11 performance targets in section 9 of this act, or that there are  
12 significant geographic disparities in the redemption rate in rural  
13 communities or underserved areas of the state, then the consultant  
14 shall make recommendations to the department, the distributor  
15 responsibility organization, and the consumer convenience advisory  
16 council, regarding ways to increase consumer convenience and enhance  
17 performance.

18 (3) A distributor responsibility organization shall submit an  
19 updated plan to the department for review in the year following the  
20 year of each consumer convenience assessment under this section and  
21 shall address the recommendations included in the third-party  
22 assessment. The department shall review the updated plans. If, in its  
23 review of an updated plan, the department determines that the plan is  
24 insufficient to meet the redemption rate performance targets in  
25 section 9 of this act or the convenience requirements in section 12  
26 of this act, it shall issue a notice of insufficiency to the  
27 distributor responsibility organization, describing the ways in which  
28 the distributor responsibility organization's plan is insufficient to  
29 meet the performance and convenience requirements. Upon receipt of a  
30 notice of insufficiency from the department, the distributor  
31 responsibility organization has 60 days to submit an updated plan.  
32 If, after 60 days, the distributor responsibility organization fails  
33 to submit an updated plan, or if the updated plan does not adequately  
34 address the elements of insufficiency identified by the department,  
35 the department shall inform the appropriate committees of the house  
36 of representatives and the senate of its analysis of the sufficiency  
37 of the updated plans by December of the year in which the updated  
38 plan was submitted.



1           NEW SECTION.   **Sec. 16.**   COORDINATION WITH PRODUCER RESPONSIBILITY  
2 ORGANIZATIONS AND FACILITATING THE REDEMPTION OF QUALIFYING BEVERAGE  
3 CONTAINERS COLLECTED THROUGH OTHER RECYCLING PATHWAYS. (1) Included  
4 in its plan submitted to the department, the distributor  
5 responsibility organization shall include a description of how the  
6 distributor responsibility organization and the deposit return system  
7 will coordinate with other recycling systems and processes, including  
8 coordinating with producer responsibility organizations operating in  
9 the state. As part of its coordination with producer responsibility  
10 organizations, the distributor responsibility organization must  
11 coordinate with any producer responsibility organization that  
12 includes boxed wine in a plastic bladder as a covered product to  
13 explore potential partnerships, efficiencies, and consumer  
14 convenience available through cooperation between the systems.

15           (2) The distributor responsibility organization must accept, and  
16 must pay the full refund value for, any qualifying beverage  
17 containers returned to the distributor responsibility organization by  
18 material recovery facilities, governmental entities, and other  
19 processing facilities if all of the following criteria are met: (a)  
20 The qualifying beverage containers have been collected and separated  
21 in accordance with standards established by the distributor  
22 responsibility organization and are delivered directly to a  
23 distributor responsibility organization processing facility; (b) in  
24 order to avoid redeeming containers not purchased in the state, the  
25 material recovery facilities, governmental entities, and other  
26 processing facilities may only handle or process materials from this  
27 state, or provide third-party auditing and verification sufficient to  
28 confirm that the containers being returned were recovered only from  
29 material originating in the state; and (c) the containers are  
30 separated by material type, not contaminated with other materials or  
31 substances, and are not crushed, broken, or otherwise substantially  
32 manipulated into a shape other than the shape of the container at the  
33 time of purchase.

34           (3) The distributor responsibility organization's plan submitted  
35 to the department must include a description of the standards for how  
36 qualifying beverage containers must be collected, separated, and  
37 delivered to a distributor responsibility organization processing  
38 facility by material recovery facilities, governmental entities, and  
39 other processing facilities in order to be eligible for a refund.

1 (4) Nothing in this chapter requires a person, including a  
2 business, to use the infrastructure provided by a deposit return  
3 system created under this chapter or precludes the disposal or  
4 recycling of qualifying beverage containers via curbside recycling  
5 collection systems.

6 NEW SECTION. **Sec. 17.** ALTERNATIVE REDEMPTION PARTNERSHIPS FOR  
7 PROVIDING IMMEDIATE REFUNDS TO CONSUMERS. (1) A distributor  
8 responsibility organization operating a deposit return system shall  
9 include in its plan a method to accept direct, sorted returns in  
10 commercial quantities at its processing facilities for an additional  
11 refund value premium if the containers are returned by organizations  
12 certified as a nonprofit organization pursuant to section 501(c)(3)  
13 of the internal revenue code that are approved by the distributor  
14 responsibility organization and serve very low-income individuals who  
15 rely on regular container refunds through the deposit return system  
16 as a source of daily funds. The distributor responsibility  
17 organization may provide pick-up service for containers collected  
18 under this section.

19 (2) To limit fraud and ensure that services are deployed where  
20 they are most needed, the distributor responsibility organization may  
21 approve or deny partnerships described in this section at its sole  
22 discretion.

23 (3) The distributor responsibility organization plan submitted  
24 under section 10 of this act must include a: (a) Description of how  
25 it will establish partnerships with nonprofit organizations receiving  
26 the additional refund value premium; and (b) process for annually  
27 reporting to the department regarding the names, locations, return  
28 volume, and any other services provided through the partnership.

29 NEW SECTION. **Sec. 18.** ANNUAL REPORTING ON ACTIVITIES. (1)  
30 Beginning July 1st of the year following the year a distributor  
31 responsibility organization begins operating a deposit return system  
32 in the state, and every July 1st thereafter, a distributor  
33 responsibility organization must submit an annual report to the  
34 department for the preceding calendar year of plan implementation.

35 (2) Each annual report must include the following information:

36 (a) A list of its member distributors and their brands of  
37 beverages in qualifying beverage containers;

1 (b) The number of qualifying beverage containers supplied into  
2 the state in aggregate and by material categories of glass, metal,  
3 and plastic, by members of the distributor responsibility  
4 organization;

5 (c) (i) The number of beverages in reusable containers that were  
6 supplied into the state in aggregate and by material categories of  
7 glass, metal, and plastic, by members of the distributor  
8 responsibility organization;

9 (ii) A report describing the successes, challenges, and  
10 opportunities for refillable bottles in Washington; and

11 (iii) A statistical sample or other available data providing an  
12 estimate of the reuse rates of reusable containers for beverages;

13 (d) The number of qualifying beverage containers redeemed in  
14 aggregate and by material categories of glass, metal, and plastic,  
15 including reusable containers, through the deposit return system  
16 operated by the distributor responsibility organization;

17 (e) A list and explanation of beverage types in qualifying  
18 beverage containers supplied or sold in Washington by members of the  
19 distributor responsibility organization and brands of qualifying  
20 beverage containers participating in the deposit return system;

21 (f) The amount and final destination of recycled material and  
22 disposed material managed by the program;

23 (g) The total budget for the distributor responsibility  
24 organization;

25 (h) The total value of unclaimed refunds, including unclaimed  
26 refunds used by the distributor responsibility organization to  
27 support operations, and how funds from unclaimed refunds were used;

28 (i) The annual redemption rate by qualifying beverage container  
29 material category and reuse sales rate; and

30 (j) For drop-off bags made of film plastic, reporting on their  
31 postconsumer recycled content and the recycling markets for the used  
32 bags.

33 (3) The reporting described in subsection (2)(b) of this section  
34 does not include containers that are sold to dealers outside of the  
35 state or to other entities for delivery outside of the state.

36 (4) A distributor responsibility organization may rely on member  
37 reporting for the reporting requirements in this chapter.

38 (5) Included in its annual report, a distributor responsibility  
39 organization shall provide verification from a third-party financial  
40 auditing firm confirming: (a) The total budget for the distributor

1 responsibility organization and the total cost of implementing the  
2 plan approved by the department; (b) the total value of unclaimed  
3 refunds; (c) a verification that funds represented by unclaimed  
4 refunds were not distributed to members of the cooperative as a  
5 dividend or similar form of profit; and (d) a verification that funds  
6 represented by unclaimed refunds were not used for legislative or  
7 political advocacy efforts that require reporting under chapter  
8 42.17A RCW.

9 NEW SECTION. **Sec. 19.** DENIAL OF REFUND VALUE FOR SOME  
10 QUALIFYING BEVERAGE CONTAINERS. (1) The distributor responsibility  
11 organization is not required to accept or pay refunds for:

12 (a) Beverage containers visibly containing or contaminated by a  
13 substance other than water, residue of the original contents, or  
14 ordinary dust;

15 (b) Beverage containers that are crushed, broken, or damaged to  
16 the extent that the brand appearing on the container cannot be easily  
17 identified;

18 (c) Any beverage container for which the distributor  
19 responsibility organization has reasonable grounds to believe was not  
20 purchased through the state's deposit return system or for which a  
21 refund has already been given.

22 (2) In the case of subsection (1)(c) of this section, the  
23 distributor responsibility organization shall include in its plan  
24 submittal to the department a description of the reasonable grounds  
25 it will use to determine if a refund should be rejected for a  
26 qualifying beverage container.

27 NEW SECTION. **Sec. 20.** EDUCATION AND OUTREACH ACTIVITIES. (1)  
28 Each plan implemented by a distributor responsibility organization  
29 under this chapter must include education and outreach activities  
30 that effectively reach diverse residents, are accessible, are clear,  
31 and support the achievement of the redemption rate performance  
32 requirements described in section 9 of this act.

33 (2) To implement the education and outreach activities described  
34 in the plan, a distributor responsibility organization must, at  
35 minimum:

36 (a) Develop and provide outreach and educational materials,  
37 resources, and campaigns about the program to be used by the  
38 distributor responsibility organization, dealers, governmental

1 entities, and nonprofit organizations. The materials, resources, and  
2 campaigns developed under this subsection to encourage participation  
3 in the deposit return system must, at minimum provide:

4 (i) Information to residents on recycling and reuse practices  
5 related to the deposit return system, including where and how to  
6 redeem qualifying beverage containers, and what happens to containers  
7 once they are returned; and

8 (ii) Education and engagement with users of the deposit return  
9 system to reduce the rate of inbound contamination or unwanted  
10 materials;

11 (b) Use media channels that may include, but are not limited to,  
12 print publications, radio, television, the internet, and online  
13 streaming services to promote the program statewide;

14 (c) Use consistent and easy to understand messaging and education  
15 statewide, with the aim of reducing resident confusion regarding the  
16 recyclability, reuse, compostability, and end-of-life management  
17 options available for different qualifying beverage containers;

18 (d) Be conceptually, linguistically, and culturally accurate for  
19 the communities served and tailored to effectively reach the state's  
20 diverse populations, including through meaningful consultation with  
21 overburdened communities and vulnerable populations;

22 (e) Establish a process for answering customer questions and  
23 resolving customer concerns;

24 (f) Provide a map of each area where drop-off and other  
25 collection services for qualifying beverage containers are available  
26 on its website; and

27 (g) Evaluate the effectiveness of education and outreach efforts  
28 for the purposes of making progress toward the redemption rate  
29 performance requirements established in section 9 of this act.

30 (3) A distributor responsibility organization may coordinate with  
31 governmental entities that choose to participate in carrying out  
32 resident education and outreach regarding the deposit return system.

33 NEW SECTION. **Sec. 21.** SMALL-SCALE REFUND PROGRAM. (1) A  
34 distributor that is also a manufacturer may submit a plan to the  
35 department to operate a small-scale refund program for beverages in  
36 qualifying beverage containers produced by the manufacturer, and the  
37 department may approve the plan if it meets all of the following  
38 criteria:

1 (a) The manufacturer sells or distributes no more than 10,000  
2 beverages in qualifying beverage containers per year in the state;

3 (b) The beverages are packages in reusable qualifying beverage  
4 containers;

5 (c) The manufacturer offers a refund value for the containers  
6 that is greater than the refund value for containers redeemed by the  
7 distributor responsibility organization;

8 (d) The department determines that the plan includes return  
9 pathways and options that are convenient for consumers returning  
10 their brand of beverage containers covered by the plan for a refund;  
11 and

12 (e) The plan includes annual reporting requirements that, in the  
13 department's determination, are sufficient to measure the performance  
14 of the small-scale refund program.

15 (2) If the department approves a small-scale refund program plan  
16 as described in this section, the distributor manufacturer operating  
17 a plan approved by the department is not subject to the requirements  
18 of distributors independently complying with the requirements in this  
19 chapter for those containers covered by the small-scale refund  
20 program plan.

21 (3) Reusable containers sold through a program approved through  
22 this section count towards the reusable container performance  
23 requirements described in section 9 of this act.

24 (4) The department may revoke plan approval for a manufacturer  
25 distributor operating a small-scale refund program at any time if, in  
26 its sole discretion, the department determines that the program is  
27 not providing sufficient performance or not meeting the consumer  
28 convenience requirements submitted with its plan.

29 NEW SECTION. **Sec. 22.** RECYCLING REVENUE AUGMENTATION FUNDING  
30 PROGRAM. (1) For the first five years in which a deposit return  
31 system is operated by a distributor responsibility organization in  
32 this state, a distributor responsibility organization shall remit  
33 \$15,000,000 by December 31st of each year to the department of  
34 commerce's recycling revenue augmentation account created in section  
35 23 of this act. If the first year of operation of a deposit return  
36 system begins after January 1st, the payment amount must be prorated  
37 in accordance with the portion of the year in which the deposit  
38 return system is operating. These payments constitute the full

1 financial obligation of the distributor responsibility organization  
2 to the recycling revenue augmentation funding program.

3 (2) The department of commerce shall administer the recycling  
4 revenue augmentation funding program, which must, for the first five  
5 years in which a distributor responsibility organization operates a  
6 deposit return system in this state:

7 (a) Collect funds from a distributor responsibility organization  
8 as described in subsection (1) of this section; and

9 (b) Beginning January 1st of the year following the year in which  
10 a distributor responsibility organization first operates a deposit  
11 return system in the state, and each January 1st for the following  
12 four years, accept requests annually from local governments, or  
13 operators of curbside or drop-off recycling programs in the state, or  
14 both, to receive funds from the recycling revenue augmentation  
15 funding program to offset revenue losses from the previous calendar  
16 year from scrap material being diverted to the deposit return system.

17 (3) Requests consistent with subsection (2)(b) of this section  
18 must be received by the department of commerce by July 1st of each  
19 year for the preceding calendar year. These requests must include  
20 third-party audited financial data demonstrating any revenue losses  
21 from the value of scrap materials diverted from curbside or drop-off  
22 recycling programs by a deposit return system, less any decreased  
23 operating costs from not collecting, hauling, processing, or  
24 landfilling the material, less any new revenue provided through other  
25 producer responsibility programs created by the legislature in 2024  
26 or later that offsets or partially offsets revenue losses, and less  
27 any material weight losses represented by the operator serving fewer  
28 accounts. For local government and publicly operated curbside or  
29 drop-off recycling programs, the governmental entity's annual audit  
30 may satisfy the audited data requirement of this section if the  
31 department of commerce determines that it is sufficient to verify the  
32 claim. Each request must include the average total tons of glass,  
33 plastic, and metal for that applicant for the three years preceding  
34 the operation of a deposit return system in the state, compared to  
35 the total tons of glass, plastic, and metal material for the year for  
36 which payments are requested.

37 (4) The department of commerce shall: (a) Evaluate all requests  
38 annually and determine the validity of the data submitted by each  
39 requester; (b) reject requests that do not include sufficient or  
40 sufficiently accurate data; (c) make payments from the recycling

1 revenue augmentation account created in section 23 of this act to  
2 operators of curbside and drop-off recycling systems proportionally,  
3 based on valid requests and available revenue in the account; and (d)  
4 after the close of each calendar year, remit any unobligated balance  
5 in the recycling revenue augmentation account created in section 23  
6 of this act to the distributor responsibility organization.

7 NEW SECTION. **Sec. 23.** RECYCLING REVENUE AUGMENTATION ACCOUNT.  
8 The recycling revenue augmentation account is created in the custody  
9 of the state treasurer. All receipts received by the department of  
10 commerce under section 22 of this act must be deposited in the  
11 account. Expenditures from the account may be used by the department  
12 of commerce only for implementing and administering the requirements  
13 of this chapter. Only the director of the department of commerce or  
14 the director's designee may authorize expenditures from the account.  
15 The account is subject to the allotment procedures under chapter  
16 43.88 RCW, but an appropriation is not required for expenditures.

17 NEW SECTION. **Sec. 24.** DEPOSIT RETURN ORGANIZATION PROGRAM  
18 ACCOUNT. The deposit return organization program account is created  
19 in the custody of the state treasurer. All receipts received by the  
20 department under this chapter must be deposited in the account.  
21 Expenditures from the account may be used by the department only for  
22 implementing, administering, and enforcing the requirements of this  
23 chapter. Only the director of the department or the director's  
24 designee may authorize expenditures from the account. The account is  
25 subject to the allotment procedures under chapter 43.88 RCW, but an  
26 appropriation is not required for expenditures.

27 NEW SECTION. **Sec. 25.** MINIMUM POSTCONSUMER RECYCLED CONTENT OF  
28 DROP-OFF BAGS. If drop-off bags used for qualifying beverage  
29 containers under a deposit return system are made of plastic film,  
30 bags must have a minimum postconsumer recycled content that equals  
31 the minimum postconsumer recycled content standard under chapter  
32 70A.245 RCW for plastic trash bags and the distributor responsibility  
33 organization must be able to demonstrate that the recovered film from  
34 bags is recycled.

35 NEW SECTION. **Sec. 26.** CIVIL PENALTIES FOR DISTRIBUTOR  
36 RESPONSIBILITY ORGANIZATIONS. (1) Upon notice of a significant



1 violation of the deposit return system plan or performance  
2 requirements of this chapter by a distributor responsibility  
3 organization, and after a cure period of at least 60 days, the  
4 department may assess a civil penalty of at least \$200 per violation  
5 per day, but no more than \$500 per violation per day.

6 (2) The department shall make its best efforts to work with the  
7 distributor responsibility organization to remedy issues without the  
8 use of penalties and make reasonable accommodations when the nature  
9 of the violation is significantly outside of the distributor  
10 responsibility organization's control or is not feasible for the  
11 distributor responsibility organization to quickly remedy.

12 (3) A failure to achieve the redemption rate performance  
13 requirements specified in section 9 of this act is not subject to the  
14 penalties described in this section and is instead subject to the  
15 penalties described in section 9 of this act.

16 (4) A civil penalty may not be assessed based on the reuse sales  
17 rate performance requirements.

18 NEW SECTION. **Sec. 27.** CONTINGENCY. If a distributor  
19 responsibility organization ceases to exist and operate a deposit  
20 return system in Washington, other than for temporary disruptions due  
21 to unforeseen circumstances, as determined by the department, or if a  
22 distributor responsibility organization and the department fail to  
23 reach agreement on an initial plan to operate a deposit return  
24 system, the deposit return system must be discontinued, the  
25 requirements and provisions of this chapter may not be enforced, and  
26 qualifying beverage containers become covered products under any  
27 relevant extended producer responsibility programs that apply.

28 NEW SECTION. **Sec. 28.** A new section is added to chapter 82.04  
29 RCW to read as follows:

30 In computing tax due under this chapter, a taxpayer may deduct  
31 from the measure of tax amounts derived from charges for the refund  
32 value of qualifying beverage containers as required under chapter  
33 70A.--- RCW (the new chapter created in section 36 of this act). To  
34 qualify for this deduction, the taxpayer must separately itemize the  
35 charges for the refund value on a receipt, invoice, or similar  
36 billing document given to the purchaser. The amount of the deduction  
37 claimed under this section for a reporting period may not exceed the  
38 aggregate charges for the refund value of qualifying beverage

1 containers for beverages sold by the taxpayer during such a reporting  
2 period.

3 **Sec. 29.** RCW 82.19.050 and 2005 c 289 s 1 are each amended to  
4 read as follows:

5 The litter tax imposed in this chapter does not apply to:

6 (1) The manufacture or sale of products for use and consumption  
7 outside the state;

8 (2) The value of products or gross proceeds of the sales exempt  
9 from tax under RCW 82.04.330;

10 (3) The sale of products for resale by a qualified grocery  
11 distribution cooperative to customer-owners of the grocery  
12 distribution cooperative. For the purposes of this section,  
13 "qualified grocery distribution cooperative" and "customer-owner"  
14 have the meanings given in RCW 82.04.298;

15 (4) The sale of food or beverages by retailers that are sold  
16 solely for immediate consumption indoors at the seller's place of  
17 business or at a deck or patio at the seller's place of business, or  
18 indoors at an eating area that is contiguous to the seller's place of  
19 business; ((~~or~~))

20 (5) (a) The sale of prepared food or beverages by caterers where  
21 the food or beverages are to be served for immediate consumption in  
22 or on individual nonsingle use containers at premises occupied or  
23 controlled by the customer.

24 (b) For the purposes of this subsection, the following  
25 definitions apply:

26 (i) "Prepared food" has the same meaning as provided in RCW  
27 82.08.0293.

28 (ii) "Nonsingle use container" means a receptacle for holding a  
29 single individual's food or beverage that is designed to be used more  
30 than once. Nonsingle use containers do not include pizza delivery  
31 bags and similar insulated containers that do not directly contact  
32 the food. Nonsingle use containers do not include plastic or paper  
33 plates or other containers that are disposable.

34 (iii) "Caterer" means a person contracted to prepare food where  
35 the final cooking or serving occurs at a location selected by the  
36 customer; or

37 (6) The charge for the refund value of qualifying beverage  
38 containers as required under chapter 70A.--- RCW (the new chapter  
39 created in section 36 of this act), if the charge is separately

1 stated on a receipt, invoice, or similar billing document given to  
2 the purchaser.

3 NEW SECTION. **Sec. 30.** The provisions of RCW 82.32.805 and  
4 82.32.808 do not apply to sections 28 and 29 of this act.

5 NEW SECTION. **Sec. 31.** A new section is added to chapter 35.21  
6 RCW to read as follows:

7 Permitting or siting procedures applicable to a storage or drop-  
8 off container under chapter 70A.--- RCW (the new chapter created in  
9 section 36 of this act) must be consistent with section 12(6) of this  
10 act.

11 NEW SECTION. **Sec. 32.** A new section is added to chapter 35A.21  
12 RCW to read as follows:

13 Permitting or siting procedures applicable to a storage or drop-  
14 off container under chapter 70A.--- RCW (the new chapter created in  
15 section 36 of this act) must be consistent with section 12(6) of this  
16 act.

17 NEW SECTION. **Sec. 33.** A new section is added to chapter 36.01  
18 RCW to read as follows:

19 Permitting or siting procedures applicable to a storage or drop-  
20 off container under chapter 70A.--- RCW (the new chapter created in  
21 section 36 of this act) must be consistent with section 12(6) of this  
22 act.

23 **Sec. 34.** RCW 70A.245.100 and 2021 c 313 s 13 are each amended to  
24 read as follows:

25 The recycling enhancement account is created in the custody of  
26 the state treasurer. All penalties collected by the department  
27 pursuant to RCW 70A.245.040 and 70A.245.050 and chapter 70A.--- RCW  
28 (the new chapter created in section 36 of this act) must be deposited  
29 in the account. Only the director of the department or the director's  
30 designee may authorize expenditures from the account. The account is  
31 subject to the allotment procedures under chapter 43.88 RCW, but an  
32 appropriation is not required for expenditures. Expenditures from the  
33 account may be used by the department only for providing grants to  
34 local governments for the purpose of supporting local solid waste and  
35 financial assistance programs.

1        NEW SECTION.    **Sec. 35.**    (1) In consultation with distributor  
2 responsibility organizations under this chapter, the department and  
3 the department of revenue must study:

4        (a) The impacts of distributor requirements under this chapter on  
5 the litter rates of covered products and qualifying beverage  
6 containers under this chapter; and

7        (b) Possible improvements to the structure of the litter tax  
8 under chapter 82.19 RCW including, but not limited to,  
9 administration, compliance, and distribution of the tax and  
10 application of the tax to certain products, for achieving the purpose  
11 of chapter 82.19 RCW.

12        (2) By January 1, 2030, the department, in consultation with the  
13 department of revenue, must provide recommendations to the  
14 appropriate committees of the legislature on:

15        (a) Applicability of the litter tax to covered products and  
16 qualifying beverage containers, based on whether the purpose of the  
17 litter tax under chapter 82.19 RCW is being achieved for those  
18 products by the requirements of producers and distributors under this  
19 chapter; and

20        (b) Improvements to the structure of the litter tax for meeting  
21 the purposes of chapter 82.19 RCW.

22        (3) This section expires July 1, 2030.

23        NEW SECTION.    **Sec. 36.**    Sections 1 through 27 and 35 of this act  
24 constitute a new chapter in Title 70A RCW.

--- END ---