

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30136-MHa-55

Short Title: Litter Reduction Act of 2025. (Public)

Sponsors: Representative K. Brown.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REDUCE ROADSIDE AND OTHER LITTERING AND TO ENCOURAGE
3 RECYCLING BY REQUIRING A DEPOSIT ON BEVERAGE CONTAINERS AND
4 REQUIRING REDEMPTION CENTERS TO ACCEPT RETURNED BEVERAGE
5 CONTAINERS AND REFUND THE DEPOSITS.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Article 9 of Chapter 130A of the General Statutes is amended by
8 adding a new Part to read:

9 "Part 2K. Beverage Container Deposits and Refunds.

10 **"§ 130A-309.245. Findings; intent.**

11 (a) The General Assembly finds that:

- 12 (1) Beverage containers constitute a major source of nondegradable litter and
13 solid waste in this State.
14 (2) Litter remains a large problem in North Carolina despite other efforts to
15 discourage littering and to establish criminal penalties under G.S. 14-399 for
16 first-time and subsequent offenses of littering.
17 (3) The collection and disposal of litter imposes a great financial burden on the
18 citizens of North Carolina.
19 (4) A more concerted effort to reduce litter is needed in North Carolina.
20 (5) Beverage containers should be reused or recycled.
21 (6) Other states' experience shows that beverage container deposit legislation is
22 successful in reducing litter and increasing recycling of discarded beverage
23 containers.
24 (7) Beverage container deposit legislation is consistent with the State's policy, set
25 forth in G.S. 130A-309.04, to promote methods of solid waste management
26 that are alternatives to disposal in landfills.
27 (8) The program under this Part will contribute significantly to the reduction of
28 the beverage container component of the litter in this State.

29 (b) It is the intent of the General Assembly to address the blight that litter imposes on the
30 highways and lands of this State, while creating incentives for manufacturers, distributors,
31 retailers, and consumers of beverages in beverage containers to recycle and reuse beverage
32 containers.

33 **"§ 130A-309.246. Definitions.**

34 Unless a different meaning is required by the context, the following definitions apply
35 throughout this Part:



- 1 (1) Beverage. – Any ready-to-drink liquid intended for human oral consumption.
2 Beverage includes any malt beverage; spirituous liquor; fortified wine;
3 unfortified wine; wine cooler; soda or noncarbonated water; and any
4 nonalcoholic carbonated or noncarbonated drink in liquid form. The term does
5 not include any drug regulated under the federal Food, Drug, and Cosmetic
6 Act (Title 21 U.S.C. § 301 et seq.; 52 Stat. 1040 et seq.), infant formula, meal
7 replacement liquids, or dairy products derived from animal milk.
- 8 (2) Beverage container. – A prepackaged container designed to hold a beverage
9 that is made of any material, including glass, plastic, and metal. Beverage
10 container does not include cartons, pouches, or aseptic packaging such as a
11 drink box.
- 12 (3) Consumer. – An individual who purchases a beverage in a beverage container
13 for his or her use or consumption with no intent to resell the beverage.
14 Consumer includes a lodging, eating, or drinking establishment.
- 15 (4) Contracted agent. – A public or private company or individual who enters into
16 an agreement with a distributor or deposit initiator to pick up empty beverage
17 containers from redemption centers and dealers.
- 18 (5) Curbside recycling program. – A recycling program that meets all of the
19 following criteria:
20 a. The program picks up recyclables from individual residences.
21 b. The program is operated by, or pursuant to a contract with, a city,
22 county, or other public agency.
23 c. The program accepts empty beverage containers from consumers with
24 the intent to recycle them.
- 25 (6) Curbside recycling program entity. – A material recovery facility or any other
26 person or establishment contracted to receive beverage containers collected
27 through a curbside recycling program for the purposes of processing, sorting,
28 or preparation for recycling.
- 29 (7) Dealer. – A person who sells beverages in beverage containers, including
30 beverage containers sold through vending machines, to a consumer at the
31 retail level. Dealer does not include any of the following:
32 a. Establishments who sell less than 250,000 beverage containers in a
33 calendar year.
34 b. Establishments that provide on-premises consumption of beverages in
35 beverage containers, such as hotels, restaurants, or bars.
- 36 (8) Deposit initiator. – The first distributor to collect the deposit on beverage
37 containers sold to any person within the State.
- 38 (9) Distributor. – A person who engages in the sale of beverages in beverage
39 containers to a dealer in this State. A manufacturer of beverages who also
40 engages in the sale of beverages is also a distributor.
- 41 (10) Downcycling. – Methods of sorting, processing, and aggregating materials
42 from solid waste that do not preserve the original material quality and, as a
43 result, render the aggregated material no longer usable for manufacturing into
44 the same or a substantially similar product.
- 45 (11) Environmental justice community. – A community determined by the
46 Department to include a concentration of low-income households, people of
47 color – including indigenous peoples, or households lacking English language
48 proficiency.
- 49 (12) Processing payment. – The amount of money paid by a distributor to a
50 curbside recycling entity as determined by the Department pursuant to
51 G.S. 130A-309.255.

- 1 (13) Producer responsibility organization. – A nonprofit organization organized
2 under section 501(c) or section 501(d) of the Internal Revenue Code (26
3 U.S.C. § 501(c), § 501(d)) and created by a group of distributors to fulfill their
4 obligations under this Part.
- 5 (14) Recyclable. – With respect to beverage containers, a type of beverage
6 container that can be technically recycled in current United States market
7 conditions without the consumer needing to remove an attached component
8 of the beverage container, such as a shrink sleeve, label, or filter.
- 9 (15) Recycle, recycling, or recycled. – The series of activities by which a covered
10 product is collected, sorted, processed, and converted into a raw material with
11 minimal loss in material quality for use in the production of a new product,
12 including a new version of the covered product. These terms do not include
13 any of the following:
- 14 a. Downcycling.
- 15 b. The use of materials as fuel, a fuel substitute, or for energy production.
- 16 c. The use of materials for repurposing into infrastructure or
17 construction, including, but not limited to, pavement for streets,
18 sidewalks, or roads, building materials, or other infrastructure
19 products, as the Department may specify by rule.
- 20 d. The disposal of materials within a solid waste disposal facility or the
21 use of materials for alternative daily cover for a solid waste disposal
22 facility.
- 23 e. The processing of materials through advanced recycling, chemical
24 recycling, combustion, gasification, incineration, pyrolysis,
25 solvolysis, thermal desorption, waste-to-energy, waste-to-fuel, or any
26 other chemical or molecular conversion process.
- 27 (16) Recycling rate. – With respect to a category of beverage container, the
28 percentage of that category of beverage container that is recycled.
- 29 (17) Redeemer. – Any person other than a dealer who demands the refund value
30 provided for herein in exchange for an empty beverage container.
- 31 (18) Redemption center. – An operation certified by the Department that engages
32 in any of the following activities:
- 33 a. Accepts empty beverage containers from consumers of beverages and
34 pays, or provides the refund value, for empty beverage containers.
- 35 b. Collects and sorts empty beverage containers from dealers.
- 36 (19) Redemption location. – A place, mobile unit, reverse vending machine, or
37 other device where a certified redemption center accepts one or more types of
38 empty beverage containers from consumers and pays, or provides the refund
39 value, for one or more types of empty beverage containers.
- 40 (20) Retailer. – A person who sells or offers for sale in this State to consumers a
41 beverage in a beverage container, including an operator of a vending machine
42 containing a beverage in a beverage container.
- 43 (21) Reusable. – With respect to beverage containers, means that the container is
44 capable of being refilled a number of times that the Department shall establish
45 by rule under current market conditions in the United States.
- 46 (22) Reverse vending machine. – An automated device that can accurately
47 recognize the universal product code on containers to determine if the
48 container is redeemable and accumulates information regarding containers
49 redeemed, including the number of such containers redeemed, thereby
50 enabling the device to accept containers from redeemers, issue a receipt for

1 their refund value, transmit data for reconciliation, sort, and compact the
2 container to cancel it.

3 (23) Single-use beverage container. – A beverage container that is not designed or
4 placed in commerce to be reusable.

5 (24) Supermarket. – A full-line, self-service retail store with gross annual sales of
6 two million dollars (\$2,000,000) or more that sells dry goods, canned goods,
7 nonfood items, and perishable items.

8 (25) Universal product code (UPC). – A standard for encoding a set of lines and
9 spaces that can be scanned and interpreted into numbers to identify a product.
10 Universal product code includes any industry accepted barcode used for
11 product identification purposes in a manner similar to a UPC, such as a
12 European Article Number.

13 (26) Use or consumption. – The exercise of any right or power over a beverage
14 incident to the ownership thereof, other than the sale, storage, or retention for
15 the purposes of sale of a beverage.

16 **"§ 130A-309.247. Department to administer program; adoption of rules.**

17 (a) The Department shall administer this Part.

18 (b) The Department and the Commission for Health Services may adopt any rules
19 necessary or useful to implement this Part, and the Department may adopt any rules necessary or
20 useful to carry out any of its duties imposed under this Part. The Department shall determine, by
21 rule, all of the following:

22 (1) The method for calculating the redemption rate and recycling rate for beverage
23 containers.

24 (2) The method for calculating the amount of reusable beverage containers sold
25 or refilled.

26 (3) The process for information collection necessary to ensure distributor and
27 dealer compliance with the requirements of this Part.

28 (4) The method for determining compliance with the performance standards set
29 forth in G.S. 130A-309.256.

30 (5) The designation of environmental justice communities in this State.

31 (6) The number of cycles for a beverage container to qualify as reusable.

32 (7) The process for determining the handling fee payable to dealers and
33 redemption centers under G.S. 130A-309.254 and the applicable processing
34 payment under G.S. 130A-309.255.

35 (8) The process for licensing of redemption centers.

36 (9) The process for soliciting, reviewing, and awarding grants from the
37 Unredeemed Beverage Container Deposits Account established in
38 G.S. 130A-309.257(c).

39 **"§ 130A-309.248. Deposit and refund value; requirements concerning beverage containers.**

40 (a) Every consumer who purchases a beverage in a beverage container shall pay a deposit
41 equal to the refund value under subsection (b) of this section.

42 (b) Subject to the adjustment set forth in subsection (d) of this section, every beverage
43 container sold or offered for sale to a consumer in this State that has a volume which is not less
44 than 50 milliliters nor greater than 3 liters of a beverage shall have a refund value of ten cents
45 (10¢).

46 (c) Every beverage container that contains a beverage that is sold or offered for sale in
47 this State shall (i) clearly indicate by embossing or imprinting on the normal product label, or in
48 the case of metal beverage containers, on the top of the container the words "North Carolina" or
49 the initials "N.C." and the refund value of the container in not less than 1/4 inch type size and (ii)
50 include a UPC barcode to identify and validate participation in the refund program as set forth in
51 this section.

- 1 (d) Every five years, beginning July 1, 2028, the Department shall do all of the following:
2 (1) Determine the percentages of each category of beverage containers, based on
3 the composition of the container: aluminum, nonaluminum metal, glass,
4 plastic, or other materials or combination of materials, that are being returned.
5 If the Department finds that the return rate for any category is less than
6 seventy-five percent (75%), the Department may increase the deposit value
7 for that category of beverage containers by five cents (5¢).
8 (2) Update the deposit value to reflect changes in the Consumer Price Index
9 computed by the United States Bureau of Labor Statistics over the previous
10 five years.

11 **"§ 130A-309.249. Duties of retailers.**

- 12 (a) Every retailer shall pay to the distributor deposits equal to the value of the refunds
13 under G.S. 130A-309.248 when the retailer purchases beverages from a distributor and shall
14 receive deposits from consumers at the time of sale.
15 (b) Every retailer shall identify, by a clear and conspicuous sign at the retailer's place of
16 business, the address of at least the redemption center or redemption location nearest to the
17 retailer that redeems all types of empty beverage containers at one location during at least 30
18 hours per week with a minimum of five hours of operation occurring during periods other than
19 from Monday to Friday, from 9:00 A.M. to 5:00 P.M.

20 **"§ 130A-309.250. Regulation and reporting requirements for distributors of beverage**
21 **containers.**

- 22 (a) No distributor shall sell a beverage container in the State without the distributor
23 registering the beverage container with the Department prior to the sale. This registration shall
24 take place on a form provided by the Department and include all of the following:
25 (1) The name and principal business address of the distributor.
26 (2) The name of the beverage and the container size.
27 (3) The material type of the beverage container.
28 (4) Documentation of the presence and type of UPC on the beverage container.
29 (5) Methods the distributor intends to use to prevent the fraudulent sale and
30 redemption of beverage containers not sold within the State.
31 (6) The name of the person picking up the empty beverage containers from
32 dealers, redemption centers, and curbside recycling entities, if that person is
33 different from the distributor.
34 (7) Any other information required by the Department to enforce the provisions
35 of this Part.
36 (b) The Department may request that a distributor provide a copy of the container label,
37 or a picture of any beverage container sold or offered for sale in the State on which it initiates a
38 deposit.
39 (c) A distributor shall place a deposit as determined by G.S. 130A-309.248 on all
40 beverage containers sold, offered for sale, or distributed into the sale.

41 **"§ 130A-309.251. Establishment of redemption centers.**

- 42 (a) The Department shall allow for the establishment, operation, and licensure of
43 redemption centers. Redemption centers shall accept all types of beverage containers.
44 (b) These redemption centers shall supplement, but not supplant, the return of beverage
45 containers to dealers as required by G.S. 130A-309.252.

46 **"§ 130A-309.252. Acceptance of beverage containers by dealers.**

- 47 (a) A dealer shall accept at their place of business from a redeemer any empty beverage
48 container during any period that the dealer is open for business, regardless of whether the specific
49 beverage container was sold by the dealer, as long as the beverage container is made of the same
50 type of material as the beverage containers sold by the dealer. The dealer shall pay to the
51 redeemer the deposit value for each beverage container redeemed.

1 **(b)** A dealer or redemption center may refuse to accept from a redeemer any empty
2 beverage container that is not clean, is broken, or contains foreign material or other contaminants.

3 **(c)** Redemptions of the deposit value must be in legal tender, or a script or receipt from
4 a reverse vending machine, providing that the script or receipt can be exchanged for legal tender
5 for a period of not less than 60 days without requiring the purchase of other goods. The use or
6 presence of a reverse vending machine shall not relieve a dealer of any obligation imposed
7 pursuant to this Part. If a dealer utilizes a reverse vending machine to redeem containers, the
8 dealer shall provide for redemption of beverage containers when the reverse vending machine is
9 full, broken, under repair, or does not accept a type of beverage container material sold or offered
10 for sale by such dealer.

11 **(d)** Each dealer shall establish and maintain a dedicated area within their place of business
12 to accept beverage containers for redemption.

13 **"§ 130A-309.253. Acceptance of beverage containers by distributors.**

14 **(a)** A distributor shall accept from a dealer or redemption center any empty beverage
15 containers of the design, shape, size, color, composition, and brand sold, distributed, or offered
16 for sale by the distributor in the State and shall pay the dealer or redemption center a handling
17 fee as established by the Department pursuant to G.S. 130A-309.254 for each such beverage
18 container.

19 **(b)** A distributor shall accept and redeem all such empty beverage containers from a
20 dealer or redemption center.

21 **(c)** A distributor's failure to pick up empty beverage containers, including containers
22 processed in a reverse vending machine, from a redemption center, dealer, or the operator of a
23 reverse vending machine shall be a violation of this Part.

24 **(d)** A group of distributors may elect to create or appoint a producer responsibility
25 organization to fulfill their obligations under this Part. The Department shall not delegate to any
26 producer responsibility organization the authority to oversee, enforce, or manage the
27 requirements of this Part.

28 **"§ 130A-309.254. Handling fee.**

29 **(a)** A dealer or redemption center who redeems beverage containers shall be reimbursed
30 by the distributor of such beverage containers a handling fee set by the Department.

31 **(b)** The Department shall set the handling fee to be paid by distributors to dealers or
32 redemption centers in a manner that covers the costs of collecting, sorting, processing, and
33 transporting empty beverage containers for recycling, reuse, or refilling.

34 **(c)** The Department shall update the handling fee every five years to reflect changes in
35 the Consumer Price Index computed by the United States Bureau of Labor Statistics over the
36 previous five years.

37 **(d)** Beginning three years after the effective date of this act, the Department shall increase
38 the handling fee by one cent (1¢) if there is less than one point of redemption for every 3,000
39 persons in each county within the State or there is less than one point of redemption for every
40 3,000 persons in an environmental justice community. For purposes of this subsection, a point of
41 redemption is either a dealer or redemption center redeeming beverage containers.

42 **"§ 130A-309.255. Curbside collection of beverage containers.**

43 **(a)** The Department may approve procedures allowing for curbside recycling entities to
44 be paid a processing payment for beverage containers collected, processed, sorted, and delivered
45 to distributors for recycling, so long as the beverage containers collected are clean, sorted, and
46 baled. The processing payment shall not exceed the value of the handling fee set by the
47 Department pursuant to G.S. 130A-309.254.

48 **(b)** Beverage containers collected, processed, sorted, and delivered to distributors by
49 entities that collect curbside recycling shall not be included in the calculations of the performance
50 requirements set in G.S. 130A-309.256.

51 **"§ 130A-309.256. Performance standards.**

1 (a) The following performance standards apply with respect to redemption of beverage
2 containers:

3 (1) Beginning July 1, 2027, at least eighty percent (80%) of beverage containers
4 sold in the State shall be redeemed.

5 (2) Beginning July 1, 2029, at least ninety percent (90%) of beverage containers
6 sold in the State shall be redeemed.

7 (3) Beginning July 1, 2031, at least ninety-five percent (95%) of beverage
8 containers sold in the State shall be redeemed.

9 (b) The following performance standards apply with respect to recycling of single-use
10 containers:

11 (1) Beginning July 1, 2027, at least seventy percent (70%) of single-use beverage
12 containers sold in the State shall be recycled.

13 (2) Beginning July 1, 2029, at least eighty percent (80%) of single-use beverage
14 containers sold in the State shall be recycled.

15 (3) Beginning July 1, 2031, at least eighty-five percent (85%) of single-use
16 beverage containers sold in the State shall be recycled.

17 (c) The Department shall require each distributor, and any producer responsibility
18 organization, to work with dealers within the State to develop a plan that ensures that the
19 distributor and any producer responsibility organization meet the following standards for reuse
20 and refilling:

21 (1) Beginning July 1, 2029, at least ten percent (10%) of all beverage containers
22 sold by the distributor or the distributors that are members of the producer
23 responsibility organization are returned and refilled.

24 (2) Beginning July 1, 2031, at least twenty percent (20%) of all beverage
25 containers sold by the distributor or the distributors that are members of the
26 producer responsibility organization are returned and refilled.

27 **"§ 130A-309.257. Management of deposits.**

28 (a) Each deposit initiator who received deposits under this act shall segregate the deposits
29 in a deposit transaction fund maintained separately from all other revenues. Each deposit initiator
30 shall place in the fund each deposit for all beverage containers the deposit initiator sells.

31 (b) The revenue in the deposit transaction fund may only be expended to pay the refund
32 to consumers for the return of an empty beverage container.

33 (c) At the end of each month, any amounts that are or should be in the deposit initiator's
34 deposit transaction fund that are in excess of the sum of (i) interest income earned on amounts in
35 the fund during that month and (ii) the total amount of refund values received by the deposit
36 initiator for beverage containers that month and the two preceding months shall be deemed to
37 constitute unredeemed deposits.

38 (d) No later than the tenth day of each month, each deposit initiator shall remit to the
39 Department from its deposit transaction fund any deposit amounts deemed to be unredeemed at
40 the close of the preceding month, pursuant to subsection (c) of this section.

41 (e) If in any month the authorized payments from the deposit transaction fund by a
42 deposit initiator exceed the funds that are or should be in the deposit transaction fund, the
43 Department shall reimburse the deposit initiator the amount of excess funds remitted to it under
44 this section.

45 **"§ 130A-309.258. Beverage Container Litter Reduction Account.**

46 (a) The Beverage Container Litter Reduction Account is created in the Department, to be
47 administered by the Department. The Beverage Container Litter Reduction Account is a
48 nonreverting fund that consists of unredeemed refund values remitted by distributors to the
49 Department under G.S. 130A-309.257 and credited to the account. Interest earned shall accrue
50 to the account.

1 **(b)** The Beverage Container Litter Reduction Account shall be used to fund the
2 following:

3 **(1)** The costs to the Department for administering this Part.

4 **(2)** A reserve for contingencies in a reasonable and prudent amount determined
5 by the Department, not to exceed one million dollars (\$1,000,000).

6 **(c)** The Unredeemed Beverage Container Deposits Account is created in the Department,
7 to be administered by the Department. After all expenditures under subsection (b) of this section
8 have been made, the balance remaining in the Beverage Container Litter Reduction Account shall
9 be credited to the Unredeemed Beverage Container Deposits Account. The Unredeemed
10 Beverage Container Deposits Account may be used by the Department to provide grants for all
11 of the following purposes:

12 **(1)** For urban, rural, and recreational litter abatement and recycling activities.

13 **(2)** For recycling information, education, and promotion.

14 **(3)** For incentive payments to encourage the establishment of redemption centers
15 in environmental justice communities or rural areas.

16 **(4)** For public education programs directed at reducing litter.

17 **"§ 130A-309.259. Additional penalties.**

18 **(a)** A person may be assessed a civil penalty not to exceed one thousand dollars (\$1,000)
19 per violation if the person does any of the following:

20 **(1)** Sells or offers for sale beverages in containers not labeled in accordance with
21 G.S. 130A-309.248 or registered under G.S. 130A-309.250.

22 **(2)** Makes a report pursuant to G.S. 130A-309.260 that is false.

23 **(b)** The Department may examine the accounts and records of deposit initiators and may
24 assess a penalty of ten percent (10%) per year, plus interest, for underpayments of the refund
25 value for beverage containers to be credited to the Beverage Container Litter Reduction Account.
26 The Department may also impose a civil penalty of fifteen percent (15%) of the amount due for
27 payments up to a month late and a five percent (5%) additional penalty for each month the
28 payments continue to be unremitted.

29 **"§ 130A-309.260. Reports.**

30 **(a)** Every distributor who sells or offers for sale in this State beverage containers or
31 beverages in beverage containers shall report to the Department no later than April 15, 2026, and
32 quarterly thereafter, the number of beverage containers sold, categorized by material type and
33 size and weight, by whether the container is reusable or single-use, and by any other manner
34 prescribed by the Department.

35 **(b)** No later than July 1, 2026, and annually thereafter, the Department shall determine
36 and shall include in its report to the Environmental Review Commission all of the following:

37 **(1)** A summary of the information contained in the distributors' reports under
38 subsection (a) of this section.

39 **(2)** The status of beverage container recycling opportunities throughout the State,
40 together with any recommendations on methods to enhance the opportunities
41 for all consumers in every region of the State to return empty beverage
42 containers conveniently, efficiently, and economically.

43 **(3)** An analysis of the total amount of funds used for program administration and
44 for reimbursement payments to redemption centers, nonprofit drop-off
45 programs, and curbside programs and an analysis of how funds in the
46 Unredeemed Beverage Container Deposits Account are distributed and used
47 under G.S. 130A-309.258(c).

48 **(4)** The economic impact of this Part on North Carolina retailers, distributors, and
49 manufacturers of beverages and their containers.

50 **(5)** The problems, if any, incurred in the distribution, sale, and return of beverage
51 containers attributed to the enactment of this Part.

- 1 (6) The effectiveness of this Part in reducing the proportion of empty beverage
2 containers in litter found along the State's roads and highways and along its
3 streams and rivers.
- 4 (7) The effectiveness of this Part in increasing recycling or reuse of beverage
5 containers.
- 6 (8) The costs incurred in the administration of this Part.
- 7 (9) Any recommendations or administrative or legislative proposals considered
8 appropriate to improving the effectiveness of this Part in achieving its
9 purposes.
- 10 (10) Any other information the Department determines is pertinent to achieving
11 the purposes of this Part.

12 (c) The Department may require any retailer, distributor, or certified redemption center
13 to provide that information concerning its compliance with this Part that will enable the
14 Department to prepare its report under this section."

15 **SECTION 2.** G.S. 130A-309.247, 130A-309.248(c), 130A-309.250(a), and
16 130A-309.258(a), as enacted in Section 1 of this act, become effective April 1, 2026. The
17 remainder of this act becomes effective January 1, 2026, and applies to beverage containers sold
18 or offered for sale on or after that date.