

# Legislative Analysis



## RETURNABLE CONTAINER TAX CREDIT

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4825 as introduced**  
**Sponsor: Rep. Angela Witwer**  
**Committee: Regulatory Reform**  
**Revised 9-23-25**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 4825 would amend the Income Tax Act to create individual and corporate income tax credits for distributors that originate deposits on beverage containers.

Under 1976 IL 1 (often called “the Bottle Bill”), *distributors* that sell to a *dealer* nonrefillable containers containing a *beverage*, other than a beverage containing alcohol, must originate a 10-cent deposit on the container.<sup>1</sup>

*Distributor* means a person that sells beverages in *beverage containers* to a dealer in Michigan, including a manufacturer that engages in such sales.

*Beverage container* means an airtight metal, glass, paper, or plastic container, or a container composed of a combination of these materials, which, at the time of sale, contains one gallon or less of a beverage.

*Beverage* means a soft drink, soda water, carbonated natural or mineral water, or other nonalcoholic carbonated drink; beer, ale, or other malt drink of whatever alcoholic content; or a mixed wine drink or a mixed spirit drink.

*Dealer* means a person that sells or offers for sale to consumers in Michigan a beverage in a beverage container, including an operator of a vending machine containing a beverage in a beverage container.

The bill would, beginning with the 2026 tax year, allow taxpayers that are distributors to claim a refundable credit equal to \$0.005 (i.e., a half cent) per *returnable container* sold during that tax year. The amount of this credit would be adjusted annually for inflation beginning in the 2027 tax year using the United States Consumer Price Index for all urban consumers from the preceding calendar year.

*Returnable container* would mean a beverage container on which a deposit of at least 10 cents has been paid, or is required to be paid upon the removal of the container from the sale or consumption area, and for which a refund of at least 10 cents in cash is payable by every dealer or distributor in Michigan of that beverage in beverage containers, as further provided in section 2 of the Bottle Bill.<sup>2</sup>

In order to claim the credit, a taxpayer would have to attach the report required by the Bottle Bill with their annual tax return.

<sup>1</sup> <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-445-574c>

<sup>2</sup> <https://www.legislature.mi.gov/Laws/MCL?objectName=MCL-445-572>

If a taxpayer claiming the credit against the individual income tax were a partnership, limited liability corporation (LLC), or subchapter S corporation, the credit would be distributed proportionally based on each partner's, member's, or shareholder's share of ownership or using an alternative method approved by the Department of Treasury.

The bill cannot take effect unless House Bill 4823 is also enacted. House Bill 4823 would amend the Michigan Liquor Control Code to make changes related to the sale or provision of items with college or university logos, the provision by vendors of gifts and sponsorships and promotional signs to colleges or universities, dishonored payments from retailers to wholesalers, certain on-premises sales of nonalcoholic beer, beer samples, the composition of the Craft Beverage Council, and other matters.<sup>3</sup>

Proposed MCL 206.279 and 206.679

## **BACKGROUND:**

House Bill 4825 is identical to House Bill 5546 of the 2023-24 legislative session as that bill was passed by the House.

## **FISCAL IMPACT:**

Assuming that the number of beverage containers returned remains relatively constant between 3.8 billion and 3.9 billion per year, and adjusting the credit per returnable for projected inflation, House Bill 4825 would reduce general fund revenue by about \$20.0 million per year.

Legislative Analyst: Alex Stegbauer  
Fiscal Analyst: Ben Gielczyk

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

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<sup>3</sup> <https://www.legislature.mi.gov/Bills/Bill?ObjectName=2025-HB-4823>