

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 824 (Delegate Love, *et al.*)

Environment and Transportation and  
Economic Matters

---

**Beverage Container Deposit Program - Establishment and Advisory Commission**

---

This bill requires the Maryland Department of the Environment (MDE) to establish a beverage container deposit program by September 1, 2021. The bill establishes an Advisory Commission to Develop a Beverage Container Deposit Program to, among other things, develop (1) a framework for establishing a beverage container deposit program and (2) recommendations on how to implement the program. MDE must establish the program in accordance with the framework and recommendations developed by the advisory commission. By December 31, 2020, the advisory commission must report its framework and recommendations to the Presiding Officers and specified legislative committees. **The bill takes effect June 1, 2020; the provisions related to the advisory commission terminate June 30, 2021.**

---

**Fiscal Summary**

**State Effect:** Potential significant increase in State expenditures beginning as early as FY 2021. State revenues may be affected, as discussed below.

**Local Effect:** Potential impact on local revenues and expenditures beginning as early as FY 2021, as discussed below.

**Small Business Effect:** Potential meaningful.

---

**Analysis**

**Bill Summary:** The advisory commission must develop a framework for establishing a beverage container deposit program that (1) reduces litter, encourages recycling, increases

the quality and quantity of recycled material, and reduces greenhouse gas emissions; (2) achieves a statewide beverage container redemption target of 90%; (3) provides for curbside and drop-off recycling; (4) encourages public participation in the program by ensuring convenient deposit of beverage containers; (5) addresses how to include all on-the-go beverage containers in the program, as specified; and (6) establishes a minimum redemption amount of 10 cents for containers less than 24 ounces, with the potential for a higher redemption amount for larger containers.

MDE must provide staff for the advisory council. Advisory council members may not receive compensation but are entitled to reimbursement for expenses.

**Current Law/Background:** There is no current bottle recycling program in the State. According to the National Conference of State Legislatures (NCSL), 10 states and Guam have a deposit-refund system for beverage containers. Deposit amounts vary from 2 cents to 15 cents, depending on the type of beverage and volume of the container. According to NCSL, generally, under these programs, when a retailer buys beverages from a distributor, a deposit is paid to the distributor for each container purchased. The consumer pays the deposit to the retailer when buying the beverage and receives a refund when the empty container is returned to a supermarket or other redemption center. The distributor then reimburses the retailer or redemption center the deposit amount for each container, plus an additional handling fee in most states. Unredeemed deposits are either returned to the state, retained by distributors, or used for program administration.

Maryland's recycling policy is guided by the Maryland Recycling Act, which sets mandatory recycling rates for State government and local jurisdictions, as well as a voluntary statewide waste diversion goal of 60% and a voluntary recycling rate of 55% by 2020. Each county (including Baltimore City) must prepare a recycling plan that addresses how the jurisdiction will achieve its mandatory recycling rate. According to MDE, in 2018, the estimated recycling rate for beverage containers in Maryland was 67.2% (including wine and liquor bottles). Further, beverage containers are estimated to constitute 4.36% of Maryland's total municipal solid waste stream by weight.

The Office of Recycling within MDE must submit biannual reports, in coordination with the Maryland Environmental Service, to the Governor and the General Assembly on specified information related to recycling in Maryland. Beginning in 2009, MDE combined the *Maryland Waste Diversion Activities Report* and the *Solid Waste Managed in Maryland Report* into one report. Counties are required to report to MDE on solid waste generation, incineration, and recycling tonnages by March 1 annually on data from the previous calendar year.

**State Fiscal Effect:** Any expense reimbursements for advisory council members and staffing costs for MDE are assumed to be minimal and absorbable with existing budgeted resources.

State expenditures likely increase, beginning as early as fiscal 2021, to hire staff to implement a beverage container deposit program. Because the costs of the program depend on the framework and recommendations developed by the advisory commission and implemented by MDE, which cannot be predicted, an estimate of any increase in expenditures cannot be made. However, depending on how the program is structured, costs could be significant.

According to MDE, in most states that have beverage container deposit laws, a portion of unredeemed deposits are remitted to the state. If MDE's program incorporates a similar provision, State revenues increase. However, the timing and magnitude of any revenue impact depends on the program ultimately developed and cannot be estimated at this time.

**Local Fiscal Effect:** The bill's impact on local government finances depends on the framework and recommendations ultimately developed by the advisory commission and implemented by MDE. Costs for local governments could increase to implement a bottle deposit program and to make infrastructure changes. However, local governments may also benefit from (1) a decrease in costs due to a reduction in litter and (2) an increase in the recycling rate for beverage containers. The program could affect recycling streams that are often managed by local governments, which could affect both local revenues and expenditures. Local revenues could also increase to the extent that local governments receive a portion of unredeemed deposits.

**Small Business Effect:** As discussed above, any impact on small businesses depends on the specifics of the bottle deposit program ultimately adopted as a result of the bill. Depending on which entities are responsible for redeeming deposits and whether they receive handling fees, the program could either create new business opportunities or result in costs for retailers. If small businesses receive a portion of unredeemed deposits, there could be an increase in revenues for small businesses.

---

### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Anne Arundel, Baltimore, Howard, and Montgomery counties; Maryland Association of Counties; City of Laurel; Maryland Municipal League; Comptroller's Office; Maryland Department of the Environment; National Conference of State Legislatures; Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 2020  
mr/lgc

---

Analysis by: Kathleen P. Kennedy

Direct Inquiries to:

(410) 946-5510

(301) 970-5510