

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1089 (Delegate Terrasa, *et al.*)

Environment and Transportation and
 Economic Matters

Maryland Beverage Container Recycling Refund and Litter Reduction Program

This bill establishes the Maryland Beverage Container Recycling Fund and Litter Reduction Program within the Maryland Department of the Environment (MDE), administered by the Office of Recycling. In general, the purpose of the program is to increase the reuse and recycling of beverage containers in the State. The bill establishes a framework for “producers” and “beverage container stewardship organizations” to develop and implement beverage container stewardship plans. Producers and beverage container stewardship organizations must register annually with MDE beginning March 1, 2024. Plans must be submitted to MDE for review and approval by April 1, 2024, and must be implemented and administered within 60 days of plan approval. By January 1, 2025, a producer must have a plan approved by MDE (either individually or as a group), as specified. The bill also establishes a related grant program, provisions for redemption facilities, an advisory council, and enforcement provisions. MDE must adopt implementing regulations. **The bill takes effect June 1, 2023.**

Fiscal Summary

State Effect: No effect in FY 2023. General/special fund expenditures increase by \$344,100 in FY 2024; special fund revenues in that year are indeterminate. Special fund expenditures increase by \$639,100 in FY 2025 and by at least \$5.9 million annually thereafter; special fund revenues increase correspondingly beginning in FY 2025. Other effects are described below.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
SF Revenue	-	\$639,100	\$5,869,600	\$5,886,900	\$5,933,000
SF Expenditure	\$0	\$639,100	\$5,869,600	\$5,886,900	\$5,933,000
GF/SF Exp.	\$334,100	\$0	\$0	\$0	\$0
Net Effect	(\$334,100)	(-)	(-)	(-)	(-)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local government operations and finances may be significantly affected, as discussed below.

Small Business Effect: Meaningful.

Analysis

Bill Summary:

Intent and Performance Targets: The bill establishes the General Assembly’s intent to achieve several specified goals, including a redemption rate of at least 90% for the approximately 5.2 million single-use beverage containers sold annually in the State. Performance targets for the program are as follows: (1) by December 31, 2025, attainment of all convenience standards identified by the department under the bill (described below); (2) by December 31, 2026, a 70% redemption rate and a 65% recycling rate; (3) by December 31, 2029, a 90% redemption rate and an 85% recycling rate; and (4) by December 31, 2032, the return and refilling of at least 10% of all beverage containers sold by a producer.

New Labeling Standards, Refund Amount, and Incorporating the Refund Amount into Sales Prices: Beginning January 1, 2025, but not before, each redeemable beverage container sold in the State must include a depiction of the following information: (1) the word “Maryland” or the letters “MD”; and (2) a refund value of 10 cents (for redeemable beverage containers with a volume of 24 fluid ounces (fl. oz.) or less) or a refund value of 15 cents (for redeemable beverage containers with a volume of more than 24 fl. oz.).

MDE is authorized to adjust the refund values under specified circumstances. Beginning January 1, 2029, MDE must increase the refund values by five cents if MDE determines that the redemption rate was less than 90% of the total number of beverage containers sold in the State for two consecutive calendar years.

Beginning January 1, 2025, the wholesale and retail prices of a full redeemable beverage container must include the refund value, and a retailer must include the refund value of a redeemable beverage container sold by the retailer on the customer’s sales receipt. However, the retail price of a full redeemable beverage container sold by an on-premises seller may not include the refund value.

Redemption Facilities: The program must provide a range of options for customers and on-premises sellers to conveniently redeem empty redeemable beverage containers for the full refund value. This range of options includes (1) redeeming an empty redeemable beverage container a retailer’s place of business; (2) establishing dedicated redemption

facilities in parking lots and at offices in shopping centers; and (3) placing redeemable beverage container processing mechanisms, such as reverse vending machines and account-based bulk processing programs, in specified areas.

A person must apply for a license from MDE to operate a redemption facility in the State. MDE must develop standards and a licensing process for the establishment and operation of redemption facilities.

A retailer must establish and maintain a dedicated area at their place of business to accept any empty redeemable beverage container returned for redemption during business hours. The retailer must pay the redeemer the refund value for each redeemable beverage container redeemed. A redemption facility must accept all types of empty redeemable beverage containers for redemption. A retailer is authorized to refuse to accept an empty redeemable beverage container under certain conditions.

If a person provides a reverse vending machine for the redemption of redeemable beverage containers, the person must provide an alternative option for redemption when the reverse vending machine is full, broken, or under repair and for the redemption of any redeemable beverage containers not accepted by the machine.

MDE must establish a process for submitting, reviewing, approving, and monitoring an account-based bulk processing program that (1) ensures the program accurately refunds deposits and maintains and reports data from each transaction and (2) identifies the information that must be submitted to MDE for program approval.

Refunds must be provided (1) in cash or (2) in the form of a receipt from a reverse vending machine if the receipt can be exchanged for cash, as specified, and there is no requirement that other goods be purchased to receive the cash refund.

MDE must establish a process for a county or municipality to create a redemption facility. Redeemable beverage containers redeemed at a local facility must be credited toward meeting required recycling rates under the Maryland Recycling Act (MRA).

Distributor Reimbursements and Handling Fees: A “distributor” is a person that sells beverages in redeemable beverage containers to a retailer in the State. The term includes a person that manufactures and sells beverages in redeemable beverage containers to a retailer in the State. A distributor must reimburse a redemption facility, retailer, or other person that accepts redeemable beverage containers for redemption for the handling of each container redeemed. MDE must set the handling fee, which must be set at an amount that covers the costs to collect, sort, process, and transport empty redeemable beverage containers for recycling, reuse, or refilling. MDE may increase the handling fee to encourage the establishment of more redemption facilities.

Deposit Initiators and Unclaimed Deposits: A “deposit initiator” is the first distributor to collect a deposit on a beverage container sold in the State. A deposit initiator must deposit any deposits collected into a deposit collection account that is maintained separately from all other revenues. The funds in the account may only be used to pay the refund value of a redeemable beverage container being redeemed. A deposit initiator must report specified related information to MDE at a frequency determined by MDE.

MDE must determine the point at which a deposit becomes an unclaimed deposit, and unclaimed deposits are calculated as specified. A deposit initiator must transfer (1) 10% of any unclaimed deposits to MDE at a frequency determined by MDE and (2) 90% of any unclaimed deposits to a reserve account. A deposit initiator must use the funds in the reserve account to (1) achieve the intent of the General Assembly as stated in the bill and (2) meet or exceed the bill’s performance targets established in the bill. MDE must transfer any unclaimed deposit revenue into the State Recycling Trust Fund to be used only to administer the Beverage Container Recycling Refund Grant Program, discussed in further detail below.

Producers and Beverage Container Stewardship Organizations Plans and Registration: A “producer” is a person responsible for complying with the bill’s requirements and includes a franchisor of a franchise located in the State. A producer does not include (1) the State or a local government, as specified; (2) a tax-exempt charitable or social welfare organization; (3) a franchisee that operates a franchise in the State; (4) a person that annually sells, offers for sale, or distributes in the State fewer than 1,000 redeemable beverage containers or (5) a person that annually sells, offers for sale, or distributes in the State redeemable beverage containers that, in aggregate, generate less than \$5.0 million each year in global revenue. The bill establishes specific requirements for a producer that sells, offers for sale, or distributes redeemable beverage containers in the State. The bill establishes who is responsible under various scenarios depending on who manufactures or distributes the redeemable beverage container.

By March 1, 2024, and every March 1 thereafter, a producer or a beverage container stewardship organization representing the producer must (1) register with MDE and (2) pay a registration fee established by MDE (discussed below). MDE must create a registration form that requires each producer or beverage container stewardship organization registering with MDE to provide specified information.

MDE must establish an annual registration fee for producers that sell redeemable beverage containers in the State. The fee must be set to an amount that (1) when combined with anticipated penalty revenue, will produce funds sufficient to cover MDE’s estimated costs of planning, implementing, administering, monitoring, enforcing, and evaluating the program for the upcoming year and (2) is proportional to a producer’s share of the total number of redeemable beverage containers sold in the State for the immediately preceding

calendar year. If fee revenues exceed costs in a given year, MDE must carry the excess revenues to reduce fees for the following year. If fee revenues do not cover costs in a given year, MDE must adjust registration fees for the following year in order to cover MDE's actual costs from the immediately preceding year. Registration fee revenue collected by MDE must be transferred to the State Recycling Trust Fund and used only to cover MDE's costs of planning, implementing, administering, monitoring, enforcing, and evaluating the program.

By April 1, 2024, each producer or beverage container stewardship organization representing a producer must submit a beverage container stewardship plan to MDE. The bill establishes provisions regarding the content of such a plan. Among other things, the plan must include specified financing information. Among other requirements, the financing information must establish a fee structure for producers participating in a beverage container stewardship organization. The fee structure, among other things, must be set in a manner that covers the costs of administering a beverage container stewardship organization and implementing the beverage container stewardship plan. A participating producer must pay the fee established under the plan to the beverage container stewardship organization, and the beverage container stewardship organization must use the fees for implementing the plan.

MDE must approve, approve with conditions, or deny a beverage container stewardship plan that is submitted to MDE for approval within 120 days of receipt. MDE must consider specified factors when making a determination regarding a plan and must consult with the Redeemable Beverage Container Recycling Refund Advisory Council (discussed below). MDE must also submit a plan to an independent financial auditor to ensure that the proposed financing in the plan will cover implementation costs. MDE is authorized to rescind approval of a plan for good cause or require amendment of an approved plan under specified circumstances. The bill allows for plan amendments and resubmission for approval under specified conditions. Plan approval expires after five years.

An individual producer (that is not part of a beverage container stewardship organization) or beverage container stewardship organization must implement an approved plan within six months of receiving plan approval and must meet detailed guidelines and requirements when implementing and administering a plan.

Beginning January 1, 2025, a producer may not sell, offer for sale, or distribute in or import into the State a redeemable beverage container unless the producer (1) is registered with MDE; (2) has paid the registration fee; and (3) has, either individually or as part of a beverage container stewardship organization, a beverage container stewardship plan approved by MDE.

An individual producer (that is not part of a beverage container stewardship organization) or beverage container stewardship organization must submit a copy of its financial records to MDE for a financial audit upon request.

If multiple beverage container stewardship organizations submit plans to MDE, the organizations must coordinate with MDE and local governments to ensure that (1) redeemable beverage container recovery, processing, and redemption services are provided in a seamless manner across the State and (2) public outreach, education, and communication about redeemable beverage container programs are provided in a consistent manner. The various organizations may create an organization to represent all beverage container stewardship organizations that submit a plan to MDE.

Producer and Beverage Container Stewardship Organization Annual Reports: By April 1, 2026, and annually thereafter, each individual producer and beverage container stewardship organization with an approved beverage container stewardship plan must submit a report to MDE on the progress made in the preceding calendar year toward meeting the performance targets and the goals of the program and the producer's or beverage container stewardship organization's beverage container stewardship plan. The report must include specified information for the preceding calendar year. MDE must provide the advisory council with a copy of each annual report. MDE and the advisory council must keep all financial, production, and sales data for individual producers confidential, and MDE must post the annual reports on its website in a manner that protects data confidentiality.

Compensation for Local Governments: Through December 31, 2027, a portion of revenues collected under the Maryland Beverage Container Recycling Refund and Litter Reduction Program must be used to compensate a county or municipality for any net loss of revenue to the local government's waste management system that can be documented and attributed to the program. Certain factors must be considered when a county or municipality is determining a net loss of revenue.

Beverage Container Recycling Refund Grant Program: The bill establishes the Beverage Container Recycling Refund Grant Program, administered by MDE, to provide funding for projects that (1) increase the reuse and recycling of beverage containers in the State and (2) reduce the volume of single-use beverage containers sold and litter from beverage containers in the State. MDE must adopt implementing regulations in consultation with the advisory council; the regulations must establish an application process, criteria for evaluating and awarding grants, reporting and evaluation requirements, and any other requirements MDE deems necessary. The grant program is funded by a portion of the unclaimed deposits collected by MDE. The grant program may award up to \$5.0 million in grants each year from the available unclaimed deposits. Eligible entities include (1) a school or institution of higher education; (2) a nonprofit organization; (3) a county or

municipality; (4) a for-profit organization; and (5) a public-private partnership (P3). MDE must begin awarding grants by January 1, 2026.

Redeemable Beverage Container Recycling Refund Advisory Council: The bill establishes the Redeemable Beverage Container Recycling Refund Advisory Council to (1) advise MDE on determining whether to approve a beverage container stewardship plan; (2) make recommendations to MDE on the implementation of approved beverage container stewardship plans; (3) review and advise MDE on the annual reports; and (4) advise MDE on the implementation, administration, and performance of the program. Advisory council members may not receive compensation but are entitled to reimbursement for expenses. MDE must provide staff for the advisory council.

In consultation with the advisory council, MDE must establish convenience standards for the coverage and availability of redemption options across the State and ensure the standards provide accessibility for differently abled people and people who live in rural areas or low-income communities of color.

Miscellaneous Requirements for the Maryland Department of the Environment: MDE must adopt implementing regulations by June 1, 2024. MDE must also establish a system for large on-premises sellers to verify the source of the high volumes of redeemable beverage containers redeemed by the on-premises seller.

Enforcement Provisions: Except as specified, current law provisions under §§ 9-334 through 9-344 of the Environment Article apply to enforce violations of the bill. Under §§ 9-334 through 9-344 of the Environment Article, in addition to being subject to an injunctive action, a violator is subject to a maximum penalty of \$10,000 to be collected in a civil action brought by MDE. Each day a violation occurs is a separate violation. MDE may also impose a maximum administrative penalty of \$10,000 per violation and \$100,000 total for a violation. Each day a violation occurs is a separate violation. Administrative penalties must be assessed with consideration given to specified factors. Criminal (misdemeanor) penalties may also be imposed, with a maximum fine of \$25,000 and/or imprisonment for up to one year for a first offense and a maximum fine of \$50,000 and/or imprisonment for up to two years for a subsequent offense. Each day on which a violation occurs is a separate violation. Additional criminal penalties apply for making false statements in required documents.

However, under the bill, a penalty may not be imposed on a producer for failing to properly register with MDE, as specified, unless MDE first issues a written notice of the violation to the producer and the producer does not register within 90 days after receiving the written notice.

The bill prohibits a person from (1) disposing of a redeemed redeemable beverage container in a landfill or an incinerator and (2) redeeming, attempting to redeem, receiving, storing, transporting, distributing, or otherwise facilitating or aiding in the redemption of specified materials with an intent to defraud. MDE must establish administrative penalties for violations of these prohibitions. The penalty amount must be based on the number of beverage containers and refund amounts involved.

Beginning January 1, 2028, a producer or beverage container stewardship organization that has not reached specified redemption rates for the immediately preceding two years is subject to an administrative penalty. Each year that a producer or beverage container stewardship organization fails to meet the specified redemption rates is a separate violation. The bill establishes a formula for the calculation of such an administrative penalty.

MDE may alter the administrative penalties described above as necessary to ensure that penalty amounts exceed the costs to comply with the bill.

Penalties collected under these provisions must be transferred to the State Recycling Trust Fund and used only to cover MDE's costs of planning, implementing, administering, monitoring, enforcing, and evaluating the program.

New Account within the State Recycling Trust Fund: Unclaimed deposits, fees, and penalties collected under the bill are transferred to MDE's State Recycling Trust Fund. The Comptroller must establish a separate account within the fund for the deposit of such funds. The separate account may only be used to (1) cover the costs to administer, monitor, evaluate, and enforce the program; (2) fund the Beverage Recycling Refund Grant Program established under the bill; (3) compensate local governments, as specified; and (4) meet or exceed the performance targets established under the bill. Funds transferred under the bill to the new account do not revert to the general fund.

Current Law: The solid waste infrastructure in Maryland consists of both permitted and nonpermitted facilities, and solid waste is managed through a combination of recycling, composting, landfilling, energy recovery, and exporting for disposal or recycling. There are several examples of regional waste management partnerships in the State.

Maryland's recycling policy is guided by MRA, 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 statewide recycling goal of 55% by 2020. Each county (including Baltimore City), must recycle at least 20% or 35% of the county's solid waste stream, depending on the county's population. Each county (including Baltimore City) must also prepare a recycling plan that addresses how the jurisdiction will achieve its mandatory recycling rate. The plan must be submitted to MDE's Office of Recycling for approval when the jurisdiction submits its water and sewerage plan at least every 10 years.

At least every 2 years, each county must also submit a progress report to MDE, which must include any revision of or amendment to the county plan that has been adopted.

The Office of Recycling

MDE's Office of Recycling submits annual 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 has combined the *Maryland Waste Diversion Activities Report* and the *Solid Waste Managed in Maryland Report* into one report, the *Maryland Solid Waste Management and Diversion Report*.

State Recycling Trust Fund

The State Recycling Trust Fund is a special fund that is used to carry out the purposes of MDE's Land Management Administration and to provide grants to (1) counties to develop and implement local recycling plans; (2) counties that have addressed methods for the separate collection and recycling of covered electronic devices; and (3) municipalities to be used to implement local covered electronics device recycling programs.

State Expenditures: State finances are not materially affected in fiscal 2023.

Maryland Department of the Environment Administrative Costs and Related Fee and Penalty Revenue from Producers and Beverage Container Stewardship Organizations

The bill contemplates that registration fees, penalties, and unclaimed deposits will fully fund MDE's costs to implement the bill. Although initial registration fees are not collected until March 1, 2024, (fiscal 2024), MDE begins to incur costs earlier in fiscal 2024. Thus, while some fee revenues begin to accrue in fiscal 2024, it is likely that fee and other revenues will not fully offset MDE's costs until fiscal 2025. Accordingly, for the purposes of this analysis, it is assumed that general funds are needed to cover at least a portion of MDE's administrative costs in fiscal 2024.

Administrative Costs: General/special fund expenditures increase by \$334,145 in fiscal 2024, which accounts for a 120-day start-up delay. Special fund expenditures increase by \$639,060 in fiscal 2025, and by at least \$869,568 annually thereafter. This estimate reflects the cost of hiring five natural resources planners in fiscal 2024, two environmental compliance specialists in fiscal 2025, and three employees (two accountants and one administrator) in fiscal 2026.

The five natural resources planners are hired in fiscal 2024 to begin implementing the bill by (1) developing regulations, processes, training, guidance documents, and generally establishing the framework for the program; (2) conducting outreach to regulated entities;

(3) establishing registration forms, setting a registration fee, and conducting the initial registration of producers and beverage container stewardship organizations (by March 1, 2024); (4) establishing and staffing the advisory council; and (5) receiving and beginning to review the initial beverage container stewardship plans (by April 1, 2024). The two environmental compliance specialists are hired in fiscal 2025 to (1) conduct compliance inspections and investigate complaints and (2) generally implement and enforce the bill once the beverage container stewardship plans are in place. The two accountants and one administrator are hired in fiscal 2026 to administer the grant program and ensure grant funding is being spent appropriately. The estimates include salaries, fringe benefits, one-time start-up costs (including the purchase of vehicles in fiscal 2025), and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- the bill applies to a large number of producers and beverage container stewardship organizations, who are not already known by MDE, requiring a significant amount of outreach and administrative organization; and
- MDE must review a relatively large number of beverage container stewardship plans and annual reports on an ongoing basis.

	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
Positions (New)	5.0	2.0	3.0
Salaries and Fringe Benefits (Total)	\$296,500	\$534,738	\$820,053
Vehicle Purchases	0	64,000	0
Operating Expenses	<u>37,645</u>	<u>40,322</u>	<u>49,515</u>
Total MDE Admin. Expenditures	\$334,145	\$639,060	\$869,568

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. To the extent that affected producers in the State ultimately end up working with a limited number of beverage container stewardship organizations, thereby reducing the number of plans submitted for review and approval, MDE may not need to hire as many new employees, and costs decrease accordingly. As noted above, beginning in fiscal 2025, it is assumed that all costs incurred by MDE are covered with special funds.

Registration Fee and Penalty Revenue

MDE must set registration fees at a level that, when taken in combination with anticipated penalty revenues, will be sufficient to cover MDE’s estimated costs of planning, implementing, administering, monitoring, enforcing, and evaluating the program. Thus, it is assumed that, from a combination of registration fees and penalties, special fund revenues increase beginning in fiscal 2024, and increase correspondingly to MDE special fund expenditures beginning in fiscal 2025.

Unclaimed Deposits and the Beverage Container Recycling Refund Grant Program

The bill requires 10% of any unclaimed deposits be transferred to MDE at a frequency determined by MDE to be used for the costs of administering the grant program. It is assumed that unclaimed deposit transfers begin accruing beginning in fiscal 2025 (once producers and redeemable beverage container stewardship organizations begin implementing stewardship plans). Although unclaimed deposits transferred to MDE for the grant program are unknown, for this analysis, it is assumed that special fund revenues from unclaimed deposits increase by an indeterminate amount in fiscal 2025 and by \$5.0 million annually thereafter.

MDE must begin awarding grants by January 1, 2026, and MDE is authorized to award up to \$5.0 million in grants each year. This analysis assumes that MDE spends all available funding each year. Accordingly, special fund expenditures for the grant program increase by \$5.0 million annually beginning in fiscal 2026.

Impacts on Other State Agencies

State agencies are not included in the definition of producer and, therefore, are not directly affected by the bill's requirements to implement a beverage container stewardship plan. Any impact on State agency operations and finances related to recycling is largely unknown. Some agencies may seek to separate redeemable beverage containers and return them to redemption centers for collection of the refund. Although the overall impact on State agency recycling costs is unknown, for the purposes of this fiscal and policy note, it is assumed that any such impact is not significant.

For a discussion of the bill's potential effects on institutions of higher education (as grant recipients) and State agencies as consumers of affected products, see the Additional Comments section below.

The application of existing penalty provisions is not anticipated to materially affect State incarceration expenditures.

Local Fiscal Effect: The bill is somewhat unclear on who retains possession of a redeemed beverage container after redemption. However, it is likely that possession of recyclable materials would shift from a county/municipality to the beverage container stewardship organization or the owner of a redemption facility. Thus, local revenues may decrease, potentially significantly, beginning in fiscal 2025, as a result of the diversion of redeemable beverage containers from local recycling programs, unless offset by the funding provided under the bill to compensate local governments for this loss (as discussed below).

Redeemable beverage containers, particularly aluminum cans, are a relatively valuable portion of the recyclable material stream. For example, Prince George's County estimates that revenues for the county decrease by between \$800,000 and \$1.2 million each year from the loss of recyclables. On the other hand, Calvert County estimates that once the 90% redemption rate has been reached, its revenues decrease by approximately \$10,963 each year, but that these losses are more than offset by a reduction in contractual costs to process, handle, and recycle beverage containers. Actual losses incurred by local governments may be lower to the extent that some portion of redeemable beverage containers continues to be recycled in curbside containers. The actual loss may also vary significantly from year to year, based on scrap material market conditions.

The bill provides for a financial offset to compensate local jurisdictions for the net loss in revenues to a local waste management system that can be documented and attributed to the program through December 31, 2027. It is unknown whether sufficient revenues exist each year to ensure that all foregone local revenues are offset.

Local governments are also eligible for grant funding under the bill. For a discussion of the potential effects on local governments as grant recipients and consumers of affected products, see the Additional Comments section below.

The application of existing penalty provisions is not anticipated to materially affect local incarceration expenditures.

Small Business Effect: The bill likely has a meaningful impact on producers who are small businesses. The bill may also affect a range of small businesses, including retailers, distributors, bottlers, recyclers, and others.

Affected producers may incur costs to join a beverage container stewardship organization and/or register with MDE and develop and implement a beverage container stewardship plan. Costs are likely incurred to collect deposits and pay refunds and maintain records of related transactions. Producers may also incur costs to collect and transport containers that are returned. Small business bottlers or distributors may incur costs to ensure that redeemable beverage containers are marked in accordance with the bill.

Small businesses engaged in the collection or transport of beverage containers for recycling may incur a reduction in revenues as a greater number of containers are returned to redemption centers rather than recycled through curbside programs. However, some small businesses may realize an additional business opportunity to operate as redemption centers.

For a discussion of the potential effects on small businesses as grant recipients and consumers of affected products, see the Additional Comments section below.

Additional Comments: Any State agency, local government, or small business that purchases beverage containers incurs additional costs to pay the beverage container deposit but may return bottles to recoup those costs.

Eligible grant recipients under the Beverage Container Recycling Refund Grant Program include schools and institutions of higher education, nonprofit organizations, local governments, for-profit organizations, and P3s. Thus, grant revenues for State institutions of higher education, local governments, and small businesses may increase beginning in fiscal 2026; grant expenditures increase correspondingly for projects that increase the reuse and recycling of beverage containers in the State and reduce the volume of single-use beverage containers sold in the State and litter from beverage containers in the State.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Environmental Service; Calvert and Prince George's counties; Maryland Association of Counties; Northeast Maryland Waste Disposal Authority; Maryland Municipal League; Maryland Department of the Environment; Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2023
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