



## **Comments on HB 307 Environment – Packing Materials – Producer Responsibility From the MD-DE-DC Beverage Association**

### Who We Are and Our Commitment to Recycling Our Packaging

Maryland-DC-Delaware Beverage Association represents local beverage manufacturers and distributors. Our industry provides good jobs to nearly 2,800 Maryland residents and we have a wide footprint in Maryland with facilities located throughout the state. We are proud of the products we make, our commitment to local communities, and our commitment to the environment. We strongly believe our beverage packaging and bottles demonstrate this commitment.

The beverage industry plays an important role in the circular recycling economy. Our packaging is specifically designed and optimized for recycling. In particular, we make PET bottles and aluminum cans that are 100% recyclable, those containers have a high commodity value, and, when collected and recycled, can become new bottles and cans. The industry has invested in local and regional recycling infrastructure for more than 40 years.

The companies have also made commitments to collect and recycle packaging waste, to incorporate more recycled content into our PET bottles, and to reduce the amount of new plastic in our bottles. At a national and local level, we are working to get every bottle back to meet these ambitious goals and support a circular economy for our beverage containers.

The industry's Every Bottle Back program, announced in late 2019, asserted beverage companies' commitment to reduce new plastic use and increase collection of their valuable bottles. The program, launched by The Coca-Cola Company, Keurig Dr Pepper, and PepsiCo, represents collaboration among competitors. Collectively, they support the circular plastics economy by reinforcing to consumers the value of 100 percent recyclable plastic bottles and caps while taking steps to ensure they don't end up as waste in oceans, rivers, or landfills. This program is executed in conjunction with two of the country's most prominent environmental nonprofits and the leading investment firm focused on the development of the circular economy. The World Wildlife Fund (WWF) provides strategic scientific advice to help measure the industry's progress in reducing its plastic footprint and The Recycling Partnership and Closed Loop Partners assist with deploying our investments in community recycling infrastructure for the initiative. More information can be found at <https://www.innovationnaturally.org/plastic/>.

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## Core Principals of an EPR Program

While we share the goal of improving recycling rates and collection systems, we cannot support H.B. 307, as it is written, because the bill strays too far from our core principles.

Our overarching core principles are to:

- Generate strong environmental outcomes in an efficient, transparent, and accountable manner
- Provide convenient service to consumers
- Create a financially sustainable model that is fully funded and managed by producers
- Offer producers access to recovered material for closed loop recycling

The shortfalls of HB 307:

- **A partially funded system (50% of collection costs) will not produce the kind of change and improvement necessary** to reverse stagnant recycling rates and produce sufficient high-quality material to fuel a circular economy. Ontario's long-struggling model of partial funding hampered needed reforms and produced disappointing results. Only now, finally, Ontario is moving to full funding of net costs of recycling, consistent with other high-performing EPR systems around the globe.
- **The system's governance structure places too much authority with the state** in assessing system needs, setting targets, and granting a free hand to expanding the scope of what producers must fund. This approach treats producers as an ATM, rather than an integrated and invested partner committed to finding the most effective and efficient solutions.
- **The scope of the bill is both overly broad and incomplete.** It excludes printed papers, which account for a significant share of recycling carts and so will provide an incomplete solution. The bill reaches into areas beyond its proper scope to litter and composting programs, which should not be part of the system. Packaging is only a partial contributor to those two material streams, and it is not appropriate or fair for packaging to shoulder the burden for funding litter and composting programs. Reuse is outside the scope and requires further study before compelling producer investment in an ill-defined reuse infrastructure.
- **A single producer organization**, rather than competing, patchwork entities, is a best practice, especially for new EPR programs. A single PRO is better positioned to manage the needs assessment (see earlier comment), set targets, and provide operational and administrative efficiencies. Even if certain producers propose product- or brand-specific collection, that is better managed by single PRO, rather than duplicating administrative processes for multiple PROs. In addition, the roles of the producer organization and Advisory Council should be better defined to create more clarity in operations.

- **The goals of the legislation are not well defined.** The required goal categories appear to be optional (a list separated by “or”), but the language suggests all must be in the plan. The bill also contains a poorly-defined source reduction goal that could penalize companies like ours that have already made great strides in that area. A better approach would be a more manageable list of recycled content and recovery rates, informed by the needs assessment and proposed by the producer organization in consultation with the advisory committee.

## **Conclusion**

Please consider us a valued partner in this discussion. We are committed to working with you on recycling and environmental stewardship policy and legislation, whether it be this year, during the interim, or with the next Administration. Unfortunately, as written, HB 307 is not something we can support.