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February 1, 2022

Environment & Transportation Committee  
Delegate Kumar Barve, Chairman; Delegate Dana Stein, Vice Chair  
House Office Building, Room 251  
6 Bladen St., Annapolis, MD 21401

Dear Chair Barve, Vice-Chair Stein, and Members of the Committee,

We are writing in support of House Bill 307, “An act concerning Environment – Packaging Materials – Producer Responsibility,” **on the condition that certain amendments are made, as outlined here.**

**Among other things, this bill would require:**

- All producers that sell packaged products in Maryland to form one or more **producer responsibility organizations** (PRO(s)) that must work together to generate a producer responsibility plan (Plan) specifying how they will achieve packaging waste reduction goals.
- The formation of an **advisory council** made up of multiple stakeholders to advise the PRO(s).
- The Maryland Department of the Environment (MDE) to conduct a comprehensive **Recycling Needs Assessment** every 10 years, to be funded by the PRO(s).
- A **fee structure** to be established for producers to pay into the PRO(s) based on the types and quantities of packaging, from primary to tertiary, that they sell in the state.
- The use of **eco-modulated fees** that are lower for materials with well-established recycling markets, and higher for hard-to-recycle materials, thereby encouraging environmentally-preferable design choices.
- The PRO(s) to **coordinate with the MDE and local governments** “to ensure that recycling services for residents in the state are provided in a seamless manner.”
- The PRO(s) to **reimburse local governments** for up to 50% of the cost of recycling collection, as well as portions of processing and transport.

**We applaud this bill for:**

- Taking decisive steps to partially transfer the financial and operational responsibility for end-of-life packaging management **from taxpayers to packaging producers.**
- Establishing a **performance goal of 25% packaging waste reduction** within 5 years of adoption of the first Plan.
- Requiring the PRO(s), with the approval of the MDE using information collected in the Needs Assessment, to **set additional goals** for
  - **increasing** packaging recycling rates
  - **increasing** the use of recycled content in packaging
  - **reducing** greenhouse gas emissions associated with packaging production, and
  - **reducing** contamination levels in recyclables collected
- Requiring regular **reporting and auditing** to ensure that information is being collected accurately and that progress toward achieving goals is on track.
- Requiring beverage container sales & recycling data to be **reported by material in units & tons.**

## CRI supports this bill conditionally, if amended in two ways:

### 1. Deposit-refund system for containers

Our primary concern is that a deposit-refund system, while **allowed** by the bill as one potential mechanism for achieving more, and better quality, recycling, **is not required**: either initially, or as a second-tier system that will kick in if the goals in the Plan are not realized within a 5-year timeframe.

We say this because one important feature of the bill—the **achievement of recycled content goals in consumer packaging—cannot be realized solely with an infrastructure based on mixed-stream collection**. It cannot be realized even if existing residential curbside collection programs are extended to multi-family dwellings, schools, businesses, and other venues, as outlined in the bill.

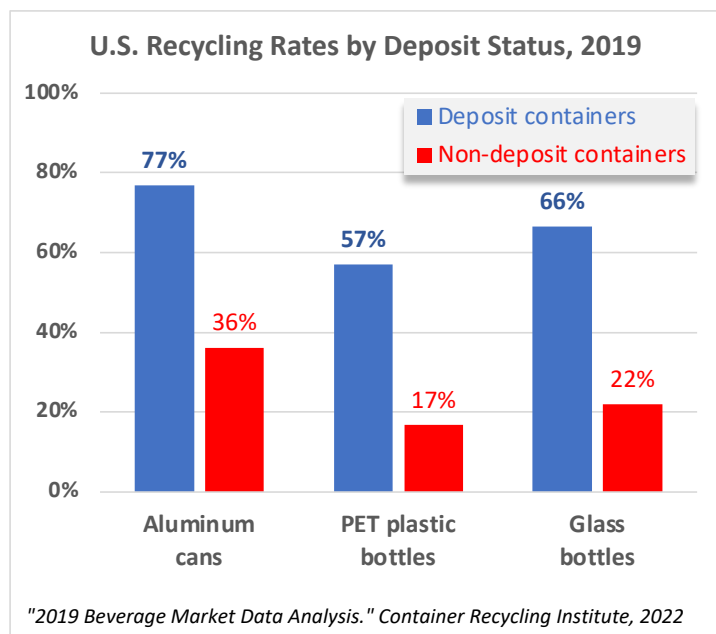
The problem is not the number or type of venues where collection occurs; the problem is **the type of collection itself**. Mixed-stream recycling produces inherently contaminated material, and despite the best mechanical and manual processes employed at materials recovery facilities (MRFs), simply cannot produce material that is segregated or clean enough to be used as a feedstock in manufacturing food-grade packaging (bottles, jars, tubs, and other packages that contain food or beverages).

This is especially true for plastics. There are many types of plastic products on the market today, including non-food products such as laundry detergent jugs and shampoo bottles, and many of these plastic packages contain colorants, plasticizers, and other chemical additives that render these recovered containers unsuitable for use in manufacturing food and beverage packaging.

Another problem is what the industry calls “consumer abuse.” For example, someone uses a clean, food-grade plastic bottle to temporarily store motor oil, and then places the now-permanently contaminated container in the curbside bin. Other examples abound.

It is cost-prohibitive to separate out contaminated or toxics-laden containers at a MRF to a standard that is high enough for risk-averse food and beverage packaging producers to be comfortable with.<sup>1</sup> Therefore, many of these manufacturers simply do not buy containers generated at MRFs. Instead, they source secondary material feedstocks **from deposit programs that are inherently designed to keep food-grade material separate**.

For more than 50 years, deposit laws, or “bottle bills,” have achieved recycling rates up to three times higher than those of bottles and cans without deposits. As the figure shows, more than three quarters (77%) of aluminum cans with a deposit were recycled nationwide in 2019, in contrast to 36% of cans lacking a deposit. The differences for bottles are more pronounced: 57% vs. 17% for non-deposit PET plastic, and 66% vs. 22% for non-deposit glass.



## What deposits can achieve in Maryland:

Increasing beverage sales nationwide has led to burgeoning bottle and can waste. **Based on national statistics, CRI estimates that 77% of the 5.6 billion beverage containers sold in Maryland in 2019 were wasted:** littered, landfilled, or incinerated.<sup>2</sup> That level of consumption and wasting represents a significant burden on taxpayers: whether through municipally-run recycling programs or municipally-contracted trash pick-up and disposal.

If Maryland were to implement a deposit system with a minimum 10¢ deposit on all common beverages and packages,<sup>3</sup> CRI estimates that the state would recycle **3.2 billion additional containers annually—or more than 200,000 tons of metal, glass, plastic, and paper**—over and above the recycling currently taking place. By reducing the need to make new containers from virgin materials, this additional recycling would eliminate almost 200,000 tons of greenhouse gas emissions: **an amount equivalent to taking 43,000 cars off the road for a year.**<sup>4</sup>

We are optimistic that there are strong markets for potential deposit containers generated in Maryland because there is already a shortage of used, food-grade plastic containers in North America. In addition, multiple global beverage brands have made public commitments to increase their use of recycled materials, as the below table shows.

Selected plastics reduction commitments by global brands		
Company	Timeframe	Commitment or target
Coca-Cola	by 2030	Equivalent of 100% of containers collected and recycled
Coca-Cola	by 2030	Average 50% recycled content in bottles
Danone	by 2025	100% of packaging reusable, recyclable or compostable
McDonald's	by 2025	100% of guest packaging from renewable, recycled or certified sources
Kraft Heinz	by 2025	100% of packaging recyclable, reusable or compostable
Nestlé	by 2025	100% of packaging recyclable or reusable

*Reprinted from CRI's Winter 2018 newsletter*

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These lofty goals can only be met through the increased availability of high-quality beverage bottles and cans for use as feedstock in new containers. Deposit programs consistently generate such high-quality bottles and cans. For example, deposit-grade PET bottles had an average value of 15¢ per pound in 2020, **twice the value of non-deposit, curbside PET** (7.3¢ per pound).<sup>5</sup>

Deposits on beverage containers are now available to over 400 million people worldwide. With the announcement of 10 new deposit laws in 2019 and 2020 (including New Zealand, Singapore, Slovakia, and Belarus), **640 million people** will have access to deposit programs by 2023. This trend is projected to continue as more nations realize that deposits are a vital part of the solution to the problem of bottle and can waste.

For these reasons, we urge the Committee to amend the bill to either **initially require** a deposit program for beverage containers, or to set **meaningful and binding** recycling goals, that if unmet after the specified five years, will automatically kick off a requirement for a deposit system to be instituted.

## 2. Raise the packaging waste reduction goals and make them binding

As currently written, the bill requires the PRO(s) to submit new Plans to the MDE if the 25% packaging waste reduction goals are not met within five years of approval of the first Plan.

While a 25% reduction goal may be ambitious for some types of packaging waste, such as foil pouches or plastic thermoform containers, **25% is not ambitious enough** for PET and HDPE plastic containers, nor for glass bottles or aluminum cans: all of which have both abysmal recycling rates in non-deposit states nationwide, **and** established markets—provided the material collected is clean and uncontaminated.

It is also **an environmental imperative to be more ambitious** about reducing packaging waste through the development and enforcement of achievable recycling content standards that will **displace virgin production**:

- **The climate crisis** demands that steps be taken in industries across the board to reduce greenhouse gas emissions. As we pointed out above, Maryland could reduce greenhouse gas emissions by 200,000 tons annually just by recycling 85% of beverage containers sold statewide.
- **Ocean debris** has become an internationally-recognized problem. As a coastal state with a huge marine estuary of vital ecological importance, the Chesapeake Bay, Maryland has a special responsibility to reduce all forms of plastic waste that may end up as marine litter.

Of course, goals alone are not enough. Provisions to make the performance goals **binding**—with **penalties** and/or **regulatory remedies** for non-achievement (such as a kick-in provision for deposits) are needed to ensure that these goals will be met.

In sum, CRI supports the measures identified in HB 307, **if amended** to require that deposits be a feature of the PRO(s) Plan, and that packaging reduction goals are more ambitious and made binding.

Please contact me with any questions you may have.

Sincerely,



Susan Collins  
President, Container Recycling Institute

**About the Container Recycling Institute:** CRI is a nonprofit organization and a leading authority on the economic and environmental impacts of beverage containers and other consumer-product packaging.

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<sup>1</sup> "Assessing the State of Food Grade Recycled Resin in Canada & the United States." STINA, for Environment and Climate Change Canada, 2021.

<sup>2</sup> "2019 Beverage Market Data Analysis," Container Recycling Institute, 2022.

<sup>3</sup> This is based on an 85% redemption rate for bottles and cans (close to what is achieved in Michigan and Oregon, the U.S. states with 10¢ deposits), a 59% redemption rate for gable-top and aseptic cartons (achieved in British Columbia), and 26% on foil pouches (also based on BC).

<sup>4</sup> "2019 Beverage Market Data Analysis," Container Recycling Institute, 2022.

<sup>5</sup> Annual average commodity price for 2020 sourced from RecyclingMarkets.net. Measured in the southwest region: the only US region for which deposit *and* non-deposit PET grades are tracked.