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Legislative District 13
Howard County

Environment and Transportation
Committee

House Chair

Joint Committee on Children,
Youth, and Families



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 28, 2024

To: The Honorable Marc Korman
Chair, Environment and Transportation Committee

From: Delegate Jen Terrasa
District 13, Howard County

Re: Sponsor Testimony in Support of HB735, Maryland Beverage Container
Recycling Refund and Litter Reduction Program

Dear Chairman Korman, Vice Chair Boyce, and Members of the Environment and Transportation Committee,

Thank you for the opportunity to present HB735, which establishes the Maryland Beverage Container Recycling Refund and Litter Reduction Program – a.k.a. the Maryland Bottle Bill – to reduce the volume of litter and plastic pollution from beverage containers. The program will also divert containers from landfills and incinerators and increase recycling.

This is a reintroduction of HB1089 from last year, but we have made significant changes to the bill after considering feedback from multiple stakeholders.

The Problem

In 2019, 5.2 billion beverage containers were sold in Maryland, 863 containers per person per year. It is estimated that 1.2 billion of them, only 23% of the total containers sold, were collected for recycling. That means that every year around 4 billion beverage containers become waste, ending up in landfills, incinerators, or littering our environment.

Single-use beverage containers are one of the most common items littered across the State. They are more than half of the litter in trash traps on the Anacostia River. Most of these wasted containers are made of plastic. They are polluting our waterways and posing a risk to wildlife and our health. They break into tiny pieces that are ingested by

marine life, causing sickness and death. These small plastic particles are in our food and our bodies.

Maryland's beverage container litter problem is so severe that the Environmental Protection Agency declared the Anacostia watershed to be impaired with trash in 2010, and in 2014 did the same for the watershed surrounding Baltimore Harbor. Our state, which is home to the largest estuary in the country – the Chesapeake Bay – also has the dubious distinction of having two of the three water bodies in the country that are impaired for trash and regulated by the EPA under the Clean Water Act.

The 4 billion wasted containers annually not only contribute to litter and plastic pollution – they are also a waste of energy and resources. Rather than conserve and reusing those wasted materials, new beverage containers are being manufactured from virgin materials that generate greenhouse gas emissions at every stage of their life cycle, from extraction to production and disposal, with climate, health, and environmental justice impacts.

What the bill does

HB735 would create a beverage container deposit program in Maryland with a refundable deposit of 10 cents for metal, plastic, and glass beverage containers 24 fluid ounces or less and 15 cents for beverage containers more than 24 fluid ounces.

Distributors of beverage containers collect the deposit when they deliver their products to a retailer for sale, and the retailer gets refunded for the deposit when a customer purchases the beverage. The customer gets their deposit refunded when they return the container for recycling.

The deposit would be refunded to customers when the redeemable beverage container is returned for recycling at convenient redemption opportunities for customers, mainly at retailers that sell redeemable beverage containers. Think of this as “buying the beverage but borrowing the container.” The deposit ensures that the empty container is returned.

Restaurants and other hospitality businesses where beverages are consumed on the premises would pay the deposit on the redeemable containers they purchase. The deposit is not passed on to customers – it is refunded directly from the system operator to the business when the empty containers are returned.

Both retailers and hospitality businesses would receive a “handling fee” per container to pay for the cost of collection, sorting, and storing of redeemable containers.

The metal, glass, and plastic raw materials are sold on the market to be used to make new beverage containers, and the revenue is put back into the program. Use of the high-

grade materials recovered from the redeemed beverage containers displaces the production of beverage containers that are using virgin resources, reducing energy use and greenhouse gas emissions.

How it would work

The program would be implemented by a non-profit Beverage Container Stewardship Organization (BCSO) selected by the Maryland Department of the Environment (MDE). All beverage producers selling or distributing beverages in redeemable containers in the state would have to register with MDE, belong to and finance the BCSO. Responsibilities of the BCSO include:

- Submitting a Stewardship Plan for organizing and implementing the program, according to provisions in HB735 and as established in rulemaking;
- Submitting annual reports, with the information prescribed in HB735;
- Putting in place and financing the necessary infrastructure;
- Collecting and processing empty redeemed containers from retailers and other redemption sites;
- Managing the deposits; and
- Achieving three main targets:
 - Putting in place all convenience standards set by December 2026;
 - A 90% redemption rate and 85% recycling rate of beverage containers by the fifth year of operation; and
 - A target of 10% of all beverage containers sold in the state to be reusable/refillable by December 2034.

MDE would provide substantial oversight of the BCSO. Besides selecting the stewardship organization, it would:

- Set producer registration fees at a level that will fully compensate for costs incurred by MDE for oversight;
- Approve the Stewardship Plan submitted by the BCSO;
- Set the convenience standard for customer access to redemption points;
- Set handling fees per container paid to retailers to cover their collection and sorting costs, and for restaurants and hospitality businesses, to cover preliminary sorting;
- Develop a process for local governments to set up their own redemption points, if they want to, and receive a handling fee;
- Enforce and audit operations; and
- Appoint and consult with an Advisory Council of stakeholders on approval of the stewardship plan, annual reports, and implementation issues.

The program would establish a Grant Fund for developing refill/reuse programs, funded by some of the unclaimed deposits and managed by MDE.

Retailers with more than 3,000 sf of retail space that sell redeemable beverage containers and have at least 150 square feet of shelf space displaying redeemable containers would be required to receive empty containers for redemption and to refund the deposits. There are many options to satisfy this obligation:

- Reverse vending machines that verify, count, and redeem empty containers, and issue a receipt for the amount that can be refunded by the retailer at checkout;
- Bag drops located in the parking lot where customers can leave all of their empty containers in a bag labeled with a personal bar code, and receive a refund into a personal account;
- Shared redemption facilities among several co-located retailers;
- The ability to collaborate with any nearby redemption center set up by the BCSO to satisfy the convenience standard, in lieu of on-site redemption.

The program would be self-financed, by registration and BCSO producer fees, sale of raw materials, unclaimed deposits, and penalties. The program would be budget-neutral for the State.

The deposit would go into effect on January 1, 2027. Deposits on beverage containers have been enacted in 10 other states and have been ongoing for as long as 50 years. Those programs typically reduced beverage container litter by 70-85%. For those with a 10-cent deposit, 90% of containers have been returned for recycling, compared with only about a quarter of containers returned currently in Maryland.

The benefits of HB735

- Reduction in beverage container litter and plastic pollution: The program would remove at least 200,000 tons of plastic, aluminum, and glass containers from the environment, including 2 billion plastic bottles.
- Increased recovery of beverage containers for recycling: Based on experience in the other states with bottle bills, a 10-cent deposit, would achieve a 90% recycling rate for covered beverage containers, compared with the current recovery rate of only about a quarter in Maryland.
- Increased high-quality, food-grade recycled content for new food and beverage containers. When the targets are achieved, the program will generate an additional 11,305 tons of aluminum, 44,066 tons of PET plastic, 3,207 tons of HDPE plastic, and 140,923 tons of glass to be recycled into new containers. The resources this bill provides supports the efforts of my companion legislation, HB168, the Postconsumer Recycled Content Program bill. That bill creates demand for food-grade recycled content for beverage and food containers by requiring a certain percentage of recycled content in plastic containers sold in Maryland.
- Reduction of greenhouse gas emissions. By reducing the production of new cans and bottles from virgin materials, the additional recycling from this program

would eliminate 195,000 metric tons of CO2 equivalent annually, the equivalent of removing the emissions of 42,000 cars.

- Job creation. Increased recycling generated by a deposit program creates five times more jobs in collection, sorting, and transporting from increased recycling than are created by garbage collection, hauling, landfilling, or incineration. Maintenance of reverse vending machines and investments in the reuse/refill systems will also create new job opportunities.
 - In Massachusetts, which has a similar program and population size as Maryland, there have already been 600 jobs created in redemption centers along with hundreds more created in processing and secondary manufacturing.
 - HB735 complements local curbside/single-stream recycling, which will continue to collect beverage containers that customers choose not to redeem, larger beverage containers that are not part of the program, and other residential recyclables.
- Reduced costs for local governments. Local governments will realize potentially substantial cost savings from the Maryland Bottle Bill. They will not have to pay for the collection, transport, or tipping fees for the three quarters of beverage containers that are currently trashed or burned, and will have lower costs for litter collection.
 - Diversion of glass bottles from curbside programs will also save collection costs for a material that in the single-stream system often is low value, creates wear and tear on the machinery, and a source of contamination.
 - While these programs typically reduce costs for local government, for the first two years of the program there would be compensation for net losses from the overall waste management program that can be attributed to the program.
 - Local governments are not involved in implementation or enforcement of the program, but may set up their own redemption facilities and receive a handling fee per container under this program.
- Investments in refillable and reusable beverage container systems. Deposits are critical to the development of refillable and reusable containers.

Conclusion

Maryland is facing a plastic pollution crisis that is impacting our health and the environment. Beverage container litter is a major contributor. Based on decades of experience from bottle bills in other jurisdictions, HB735 will substantially reduce beverage container litter and plastic pollution. It will also increase the quality of recycled material for closed loop recycling and provide for a transition from single-use to reusable/refillable containers. These are the unique impacts of deposit programs.

It is also important to pass legislation to reduce packaging, redesign hard-to-recycle packaging for recyclability, reduce its toxicity, and make producers responsible for these outcomes, as laid out in HB168. The two bills complement each other, but only one of them, HB735, is already proven to be effective and if passed this year can be underway in 2-3 years' time.

We do **not** need to wait for the Recycling Needs Assessment that was passed as part of last year's Extended Producer Responsibility (EPR) for Packaging bill. We already know Maryland has a plastic pollution and litter crisis; Bottle Bills are a proven and effective solution for reducing beverage container litter; and the Recycling Needs Assessment will **not** analyze litter issues. It will be important for developing an EPR for Packaging program with respect to the recycling system; it does not include an assessment of programs to reduce litter. The Bottle Bill is a proven policy that will reduce litter and help recover easy-to-recycle beverage containers. This leaves the EPR for Packaging Program to focus on reducing diverse types of packaging and making hard-to-recycle packaging more recyclable. Almost all places that have adopted an EPR for Packaging program have independent bottle bills.

We need to stop kicking the can down the road and pass the Maryland Bottle Bill now. We already know how to reduce beverage container litter and the plastic pollution associated with it. This doesn't require additional information. Every year we wait, another 4 billion beverage containers are entering the environment.

I respectfully urge a favorable report on HB735.

Attachment: Changes to the Maryland Bottle Bill since 2023

Here are the main changes that have been made in the Maryland Bottle Bill since last session:

MDE:

- (1) Start-up costs charged to the General Fund will be totally reimbursed retroactively in the first year's program registration fee, so that the bill has zero impact on the State budget
- (2) The timeline for preparing the program was extended by one year, from 18 to 30 months.
- (3) The program will be administered by a single Beverage Container Stewardship Organization instead of the possibility of multiple BCSOs, to make it simpler for MDE oversight. MDE must advertise and select the BCSO, and there are new provisions in the case that the BCSO or the Stewardship Plan is revoked.

Retailers

- (1) Private label owners will not be considered producers if they can identify another entity that has agreed in writing to accept responsibility.
- (2) Retailers <3,000 sf of sales area or <150 square feet of shelf space displaying redeemable beverage containers will not be required to accept empty containers for redemption and return of deposits.
 - a. The only exception is if the retailer sells beverages in containers that are too small to be accepted by an RVM (e.g. miniature liquor bottles, or "nips"). They will have to refund the deposits for those small beverage containers.
 - b. All of these retailers must post at their entrance the nearest place where customers can go to redeem their containers at an RVM for immediate refund.
- (3) Many different options are explained in the bill for retailers to meet their obligations in the program

Restaurants and the hospitality industry:

- (1) The bill more fully explains the obligations of restaurants (etc) under the bill: they must pay the deposit on redeemable beverage containers purchased for their business but will not pass the cost onto customers. They may get their deposits back by providing the empties to the stewardship organization.
- (2) The stewardship organization is responsible for financing any receptacles in which the empty containers will be placed and for picking them up and transporting them.
- (3) Restaurants (etc.) will receive a small per container "materials handling fee" for collecting and preliminary sorting of the beverage containers provided to the stewardship organization.

Grant Fund

- (1) The objective of reducing the volume of beverage containers sold in the state was replaced by an objective to increase availability of public water fountains and refill stations in the State, as an alternative to bottled water.

- (2) The target in Sec. 9-1736 of 10% refillable beverage containers by the end of 2033 has been tweaked to clarify that this is an *aggregate* target across all producers, not a target that each producer would have to meet.

Other

- (1) The list of sources of financing for the program was previously incomplete. Revenue from sale of raw materials and the stewardship organization fees paid by the producers have both been added as a source of financing. Revenue from the sale of raw materials is now sent to the BCSO instead of the individual producers, to be folded back into the program.
- (2) The covered containers have been expanded to include metal containers, which would include not only aluminum containers but steel or bimetal beverage containers as well.