



The Honorable Marc Korman
Chair, Environment and Transportation
250 Taylor House Office Building, Annapolis, Maryland 21401

The Honorable Kriselda Valderrama
Chair, Economic Matters
230 Taylor House Office Building, Annapolis, Maryland 21401

February 11, 2026

Re: Oppose House Bill 331- Maryland Beverage Container Recycling Refund and Litter Reduction Program

Dear Chair Korman, Chair Valderrama, and Members of the Committee,

We appreciate this opportunity to share our opposition to House Bill 331 and ask that your committees issue unfavorable reports on House Bill 331.

The MD-DE-DC Beverage Association is the trade association representing the local soft drink industry. Our members have a strong presence across the State of Maryland. The members of our association produce and distribute a wide array of refreshment beverages through a network of local bottlers who live and work in and around the State of Maryland. We have facilities located in Allegany County, Anne Arundel County, Baltimore City, Baltimore County, Calvert County, Carroll County, Charles County, Frederick County, Harford County, Howard County, Montgomery County, Prince George's County, Washington County and Wicomico County. Our industry provides direct employment for residents; these jobs are some of the best paid, highest-benefit jobs available to people with and without college degrees. Many are union jobs. Beverage sales in Maryland contribute to the revenues of numerous small businesses, grocery stores, restaurants, cafes, bodegas, theaters, arenas, food trucks, and others.

The beverage industry also plays an important role in advancing the circular economy. Our packaging is specifically designed and optimized for recycling. We carefully design PET bottles and aluminum cans to be 100% recyclable. Our containers have a high commodity value in the post-consumer market, and they are made specifically so that they can be made into new bottles and cans again and again. The industry has invested in local and regional recycling infrastructure for more than 40 years. Our companies have 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. More information on the industry's sustainability efforts can be found at <https://everybottleback.org>.

Competing systems

The MD-DC-DE Beverage Association was actively involved in the multiyear process to draft and pass EPR for consumer packaging and paper products in Maryland. We are committed to the



success of that model law which will ensure that all Maryland residents have access to recycling and relieve municipalities and taxpayers from associated financial burdens. Because EPR covers all consumer packaging and paper products, regardless of recyclability, and funds recycling education, access, collection and processing, the entire system will be supported and optimized to achieve robust environmental outcomes.

A bottle deposit would significantly impact the state's EPR law by substantially removing the beverage sector. Beverage containers are largely recognized among the most valuable materials in the recycling stream. Taking them out of the EPR program would raise costs for remaining producers, damage the efficiency of the enhanced recycling system in the state, and generally make it more challenging for the program to achieve its goals.

We feel strongly that comprehensively managing the full range of covered materials under the EPR for packaging law should be the priority for recycling in Maryland. We support building out that program and ensuring its success.

Deposit system fraud

The impact of a 10¢ or higher deposit in Maryland creates an environment ripe for massive fraud, which would raise costs for Maryland businesses and reduce revenues to the State and local governments. In 2024, Connecticut raised its deposit from 5¢ to 10¢ while bordering states like New York and Massachusetts with deposit systems did not. Connecticut is now overwhelmed by fraudulent redemption.

Maryland's bordering states do not have deposit laws, which creates potential risks of cross-border container returns if appropriate safeguards are not established. Managing and preventing fraudulent redemptions can place additional operational and compliance demands on industry and government. Experience in other jurisdictions with long-standing and outdated deposit programs, such as California, New York, and Connecticut, indicates that even with enforcement mechanisms and controls in place, fully eliminating fraudulent redemption remains challenging. This underscores the importance of robust guardrails and oversight in any proposed system.ⁱ

- The State of New York's investigative unit has documented the loss of tens of millions of dollars a year from fraud emanating from locales hundreds of miles away.
- Connecticut recently increased its deposit from 5 cents to 10 cents and is trying to stop the flood of containers coming in weekly from outside the state.
- In 2023, California prosecuted eight members of one family for redeeming \$7.6 million in fraudulent deposits over an 8-month period.
- In New York, a New-Jersey based distributor [was fined \\$500,000](#) for defrauding the N.Y. bottle deposit system.

The New York State Department of Environmental Conservation (DEC) created a statewide multi-agency effort to help prevent returnable container schemes and underreporting that it says has an impact to the state [of hundreds of millions of dollars](#).



"New York's highly successful Bottle Bill is an unfortunate target for unscrupulous criminals looking to make big bucks from the state's nickels," DEC Commissioner Basil Seggos said. "This newly launched effort will help foster coordination among state and local partners across the many jurisdictions included in Bottle Bill enforcement to help recoup lost revenue, hold violators accountable, and eliminate the competitive disadvantage experienced by companies that play by the rules."

As mentioned, a virtual tsunami of empty containers is flowing into Connecticut from the entire region since Connecticut became the only state in the region with a 10¢ deposit in January 2024. Redemption rates for many companies, including some of our members, exceed 100%, and Connecticut has no solution for the problem. Maryland would be setting itself up for the same situation along the entire length of its border with Delaware, the District and Virginia, hurting Maryland businesses and impacting the integrity of recycling in the state.

The parameters described in these bills about what party is obligated to comply with how deposits are collected/initiated, performance targets, convenience standards, scope of containers, and reimbursements to materials recovery facilities (MRFs) are all unprecedented and untested. As noted, the beverage industry has expressed its support for deposit programs that operate according to demonstrated best practices, but aside from the governance of this system and retention of unclaimed deposits to finance the program, little else in this bill gives us confidence that this is a workable framework for a deposit refund system.

Other states invest millions of dollars in bottle deposit fraud prevention each year and have been met with limited success. This bill seeks to shift the burden of fraud prevention from the government to a private non-profit. It also includes a provision to use state-specific UPCs to discourage fraud, which is a fundamental misunderstanding of cross-state commerce and how consumer goods are manufactured and distributed today. State-specific UPCs would require dedicated supply chains to provide beverage containers only to Maryland, which is a practical impossibility given regional economics, overlapping distribution territories and retail chains, as well as the operation of global supply chains.

Cost and burden to consumers

The burden of paying for the deposit system could fall to consumers and local small businesses. Raising prices a minimum of 10¢ per container ignores the rising costs and uncertainty consumers are facing not just in the grocery store, but throughout the economy. Although the deposit can be redeemed, a \$2.40 per case price increase at the point of sale plus the cost to build and operate an entirely new system to handle the redeemed containers will harm consumers, especially those whose budgets cannot absorb costs that might be viewed as marginal by some.

The proposed deposit system is inconvenient for consumers. A particular concern with this redemption system is access to redemption for those of limited means, families without cars, people who are disabled, and elderly citizens. A 10¢ deposit is a 10¢ tax if you do not have the time, ability, or access to use a redemption site. That burden is going to fall most heavily on low-income



households, making this a regressive policy. Families who must rely on public transportation to travel to a redemption center or retailer who takes redemptions will find it particularly inconvenient to recycle. Adding the task of separating bottles and cans, keeping track of every bottle or can purchased in the State, cleaning them, keeping them from breaking and then transporting them to a redemption center with the hope that they are accepted is not convenient.

Cost and burden on small businesses

This proposal would force small businesses to take on the costs of running the bottle deposit program that by design will impose open-ended fee increases on local businesses and do nothing to prevent fraudulent redemptions from flooding Maryland businesses, forcing them to pay for redemptions on which no deposit was paid. These costs have been documented in the few states that have a system similar to that proposed here. Those costs could be considerable. This proposal would:

- Impose an open-ended deposit that increases automatically on an annual basis, regardless of the financial circumstances of consumers and small businesses;
- Require more staff to handle the new recycling tasks imposed on business owners;
- Force Maryland businesses to take on costs of running the bottle deposit program, including making room in their stores for the influx of bottles and cans;
- Force local stores and markets to raise prices on their products, adding yet another cost increase for Maryland families.

The bill imposes open-ended deposit values and handling fees along with target redemption rates higher than any existing law in the country. These factors are setting the stage for a program that would be exceedingly expensive to operate and administer and burdensome to consumers.

- Redemption rate targets span from 70% in 2030 to 90% in 2033. No US deposit system has maintained a redemption rate of 90%.

The bill allows for the deposit to increase indefinitely. It is set to be 10¢ or 15¢ on larger containers beginning one year after enactment of the bill. The value increases 5¢ every five years if targets are not met for two consecutive, preceding years. This means there is no limit to how high the deposit could go, so no limit to how high prices of beverages could go. The higher the prices, the greater the amount of sales Maryland businesses will lose to neighboring states that have no increased prices from deposits. Given the escalating cost of living expenses in Maryland, the rising cost of items like food and gas, it seems ill timed to pass a bill making Maryland more expensive.

The administrative, reporting, and financial burden on the State is substantial. For example, massive quantities of data must be transferred to the State.

Bottle bill infrastructure

A bottle bill requires entirely new infrastructure, end-to-end, to manage returned beverage containers. Special equipment or facilities – such as new trucks and processing locales - must be established to take back empties, meaning these facilities must be sited. HB331 will require



numerous redemption centers that must be licensed, as set forth in the bill. In addition to obtaining licenses, retailers must consider and ensure compliance with their existing lease agreement, traffic conditions, heavy truck access to ensure proper collection of the redeemed bottles, the cost of devoting employees to redemption work, the cost of reverse maintenance and ensuring the canners do not create additional litter concerns when searching recycling bins and trash dumpsters for redeemable bottles and cans.

New trucks and drivers will need to be on the road to pick up containers from these locations regularly, to provide audit and oversight of the pickup, and to transport the containers to new processing facilities to be counted and verified (if they weren't already) and prepared for sale as commodities. Those facilities also need to be sited, approved, and funded. None of this utilizes any of the recycling infrastructure already established in Maryland.

Bottle bill history and activity

Understanding bottle bill activity in the District, Delaware and Virginia seems critically important to your considerations of HB331. Delaware's bottle deposit law was repealed in 2010. The District of Columbia and Virginia have both seen bottle bills introduced before their respective legislative bodies. The Virginia bills have not moved from their committees of origin. Virginia followed Maryland's lead on a comprehensive study on litter and recycling. The bill introduced in the District of Columbia was not favorably viewed or marked up by the first committee of origin. A copy of the memo on the bill produced by those law makers is attached.

Ten states have bottle deposits laws in place. The first state to pass a law was Oregon in 1971 and the last state was Hawaii in 2002. Several states have had to make significant changes to their laws to address issues like fraud and declining rates of redemption. Over the last 20 years, no state has implemented a new bottle deposit law.

Redemption rates in states with deposit return systems

[Redemption rates in most states with bottle bills](#) decreased in 2024 compared with the previous year, according to the latest data from the Container Recycling Institute (CRI). The numbers reflect a downward redemption rate trend since 2017, according to CRI.ⁱⁱ The state with the most dramatic decrease in returns was Massachusetts, which saw returns decrease by 21%. Massachusetts, which has the lowest return rate in the country, went from a 57% return rate in 2017 to a 35% return rate in 2024. The one exception is the fraud-fueled Connecticut program discussed above.

Beverage containers and litter

Litter control has been the main justification for deposits since the 1950s. At the time, there was concern over broken glass and the introduction of metal cans. But litter is a much more complex problem than beverage bottles and cans. A more careful look at the data reveals the true picture of the role deposits play in litter.

In its [2020 National Litter Study, Keep America Beautiful](#) (KAB) estimated that beverage containers accounted for 5.6% of total litter, aggregating roadway and waterway sites.ⁱⁱⁱ Note that higher incidence of beverage containers is likely in areas like parks and beaches where people are more



likely to have containers with them. Proponents of the legislation cite beach cleanup data as a measure of the litter problem with respect to containers but such data is likely to overstate the prevalence of containers throughout a city or state because as KAB states, waterways, especially those that are hard to reach, are not regularly serviced for litter cleanup on a consistent basis like roads and parks and so litter along waterways is more likely to accumulate over time.

More than 94% of litter would be unaffected by deposits; the argument that bottles and cans are “worth picking up” for a refund doesn’t address or consider other litter like food packaging, discarded trash, used tires, construction debris, coffee cups and lids, and the wide range of other littered items.

Conclusion

Maryland took a significant step forward last year in the passage of Senate Bill 901 and we are currently working with the MDE and the EPR Advisory Council on standing up Maryland’s extended producer responsibility program (EPR). You will recall that our association testified in support of EPR as well as the needs assessment legislation that preceded Senate Bill 901 (2025). We feel strongly that letting the EPR law succeed is the best strategy for Maryland.

Thank you for the opportunity to submit written testimony. The MD-DE-DC Beverage Association opposes HB331 but as demonstrated during the 2025 Legislative Session and the active role our association played in assisting in the passage of SB901, we want to see improved recycling in Maryland.

We are happy to discuss any of the aforementioned issues with the Committee. Thank you for your consideration of our comments.

Tiffany Harvey
Executive Director, MD-DE-DC Beverage Association

ⁱ <https://www.nysenate.gov/legislation/bills/2025/A3469>; <https://legiscan.com/CT/bill/HB05674/2025>; <https://dec.ny.gov/news/press-releases/2023/10/dec-to-lead-multi-agency-effort-to-investigate-bottle-bill-fraud>; <https://www.recyclingtoday.com/news/new-york-can-bottle-bill-recycling-penalty/>

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https://d12v9rtnomnebu.cloudfront.net/paychek/CRI_Press_release_on_redemption_rates_for_2023_08052023_1.pdf

ⁱⁱⁱ https://kab.org/wp-content/uploads/2021/05/Litter-Study-Summary-Report-May-2021_final_05172021.pdf