



**Michael J. Smaha**  
Vice President, Government Relations  
The Homer Building  
Industrious, 12th Floor  
601 13th Street, NW  
Washington, DC 20005  
Cell: (202) 876-4347

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The Honorable Marc A. Korman  
Chair, House Environment and Transportation Committee  
House Office Building, Room 251  
6 Bladen St.  
Annapolis, MD 21401

**RE: HB 331, Maryland Beverage Container Recycling Refund and Litter Reduction Program. FAVORABLE WITH AMENDMENTS.**

Dear Chair Korman and Members of the Committee:

On behalf of the Can Manufacturers Institute (CMI), thank you for this opportunity to provide support and suggest amendments to House Bill 331. CMI is the United States trade association representing metal can manufacturers and suppliers. Our members are proud to make the most sustainable package for food, beverage, and household products. CMI advocates for greater adoption of well-designed recycling refund programs for beverage containers. No other policy has achieved higher recycling rates for beverage containers than recycling refunds. CMI has set industry targets for aluminum beverage can recycling, including a 70% recycling rate by 2030. Without additional recycling refund programs, the industry will not meet its targets.

Now that Maryland passed extended producer responsibility for paper and packaging (EPR) last year, CMI urges the legislature to enact a recycling refund (RR) for beverage containers. As a member of the [Coalition for High Performance Recycling \(CHPR\)](#), a diverse coalition of packaging manufacturers, recyclers, beverage brands, and recycling policy non-profits, CMI supports a comprehensive policy model that combines EPR and RR – also known as Deposit Return Systems (DRS) or “bottle bills” – for beverage containers. CHPR’s comprehensive approach combines EPR and RR proposals, based on documented best practices from the highest performing recycling systems. This integrated approach aims to significantly enhance the quality, quantity, and reuse of recyclable materials while prioritizing consumer convenience, efficiency, and effectiveness. The Coalition believes this model enhances and complements the EPR system under the new packaging law and will also lower overall costs.

**Suggested Amendments**

CMI supports HB 331 but recommends amending it to improve efficiency and reduce unnecessary burdens on retailers and the state.

**Program administration:** There is an opportunity to align a new RR program with Maryland’s recently enacted packaging EPR law, placing program design, operation, and administration on an industry-led nonprofit, rather than the state agency.

- HB 331 currently places tasks on the Maryland Department of Environment (MDE) that should be completed by the industry nonprofit Beverage Container Stewardship Organization (“BCSO”), subject to strong oversight by MDE. **CHPR’s recommended**

**amendments that limit costs for MDE, without removing the necessary checks and balances on the BCSO.**

- In keeping with best practices from high-performing RR programs, and to minimize costs to the state, CHPR proposes amending the bill to put responsibility for designing, operating, and administering a program plan on the BCSO. Examples of responsibilities that could be shifted to the BCSO and subject to review, approval, and oversight by MDE include:
  - Managing beverage producer registration and funds
  - Allocating funds towards system investments
  - Redemption center licensing and proposed reimbursement
  - Technology standards
  - Proposing convenience zones
- The BCSO would be charged with developing a program plan outlining how the organization will meet performance targets for redemption and recycling. Proposed targets and deadlines, redemption infrastructure and processing arrangements, the producer fee structure, statewide education and outreach, performance target measurement, and the approach to developing partnerships would be subject to review and approval by MDE and a stakeholder advisory council.
  - CHPR recommends **maintaining the state's focus on strong oversight**: MDE plays a critical oversight role to ensure a strong program that delivers against performance targets, producer participation, and accountability.
  - **These shifts align responsibility with those who fund the program and reflect the same principles as Maryland's packaging EPR law**. When producers are responsible for program design, operation, administration, and performance, they are motivated and incentivized to invest in convenient and innovative redemption infrastructure for consumers, without new state spending or unnecessary cost pressures on consumers.

**Producer definition and coordination with other PROs:** CHPR recommends amending the producer definition to assign financial responsibility to brand owners, rather than distributors.

- Brand owners typically have the most control over beverage packaging and material choices and therefore have the greatest ability to influence waste reduction and recycling efficiency.
- This amendment would help ensure that costs align with market control and incentives, encouraging sustainable packaging choices and simplifying program administration for both the state and businesses.
- This would also aid in streamlining the relationships between the EPR PRO and the BCSO to work out compensation agreements when covered material ends up in the wrong recovery stream.

**Labelling:** CHPR also believes the bill needs to be amended to eliminate the requirement for MD-specific SKUs/labels and markings on beverage containers.

- We understand the motivation for such provisions, but as we have worked on these issues in several states, the state-specific labels are generally unworkable in practice and have also been subject to legal challenges.
- Having a centralized PRO provides a structure for fraud prevention
- Our coalition approach has the support of much of the wine and spirits industry beverage producers, as we have also adopted language that helps address products that may be bottled, labelled, and not yet on shelves. There were specific provisions used recently in

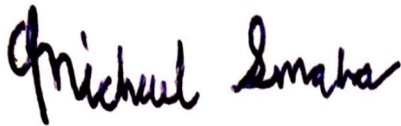
California, when the state's recycling refund program was expanded to include wine, spirits, and other products in the same year that EPR for packaging was enacted.

**Flexibility for retail participation:** CHPR appreciates that in-store redemption poses legitimate challenges for retailers due to the impact on revenue-generating floor space, staff costs associated with supervision and cleanup, and potential sanitation issues. CHPR encourages bill sponsors to consider a more flexible model that leverages the convenience of retail redemption without requiring in-store redemption infrastructure or cash payments.

- Modern RR programs, such as those in Oregon and British Columbia, provide consumers with convenient access to redemption and innovative, technology-enabled solutions that do not rely on in-store redemption.
- These programs include express redemption located on the property or in the parking lot of a retail establishment. These sites typically use mobile containers and a bag-drop program that allows consumers to return multiple containers in bulk, with the corresponding value held in a virtual account (no cash refund required). The BCSO would be required to provide compensation and assume the lease and all operational and maintenance costs for this redemption infrastructure.
- Our model is embodied in legislation currently under consideration in the Washington state legislature, and it includes creative options for retail partnerships with the stewardship organization, or BCSO, that may serve as inspiration for amendments to HB 331.

In closing, both policies complement one another, save municipalities money, and increase recycling rates across the state. CMI thanks Delegate Terrasa for her leadership in championing a recycling refund for beverage containers in Maryland. We urge the committee to amend and advance the bill.

Best regards,

A handwritten signature in black ink that reads "Michael Smaha". The signature is written in a cursive, slightly slanted style.

Michael Smaha  
Vice President of Government Relations