



February 6, 2026

The Honorable Marc Korman, Chairperson
House Committee on Environment and Transportation
Maryland House of Delegates
Room 250, Taylor House Office Building

RE: Opposition to House Bill 331

Dear Chairman Korman,

On behalf of the Beer Institute and the National Beer Wholesalers Association, we write to express our concerns regarding HB 331, which would establish a bottle deposit return system in Maryland. Beer is an economic engine in Maryland, generating \$6.1 billion in economic output; supporting more than 35,000 jobs across the brewing, distribution, agriculture and manufacturing sectors; and contributing \$1.9 billion in tax revenue to Maryland alone. We believe this legislation would impose significant burdens on consumers, small businesses and the local economy without effectively addressing litter or improving recycling outcomes.

Cost and Burden on Consumers

A bottle deposit acts as a regressive tax on those least able to afford it. Low-income families, seniors and residents without cars will struggle to return containers, effectively paying a non-refundable surcharge. At a time of rising living and retail costs, adding \$0.10 or more per beverage container is unfair and economically harmful.

Undermining Existing Recycling Programs and Budget Concerns

A deposit system would remove high-value aluminum and PET from curbside recycling, reducing revenue for municipal programs and increasing tipping fees, as the state prepares to implement regulations for the recently enacted Extended Producer Responsibility legislation. Proposing a bottle deposit program while preparing to launch an EPR program is both unprecedented and reckless. It would create a massive administrative cost burden for the state at a time when Maryland is expected to face a \$1.4 billion budget deficit in 2027, \$3 billion in 2028, and upwards of \$4 billion by 2030.

Unworkable Infrastructure and Fraud Risk

The bill requires an entirely new, costly redemption infrastructure—reverse vending machines, redemption centers, specialized trucks and processing facilities—while ignoring existing recycling systems that are undergoing massive change under the recently enacted EPR law. Worse, Maryland's

unique position, bordered by two non-deposit states and the District of Columbia, invites enormous fraud. The bill proposes unique UPCs on each container to prevent waste from neighboring jurisdictions from being redeemed in Maryland. While well-intentioned, we have seen this fail in New York, where a preliminary injunction was issued against this exact requirement, citing an undue burden on manufacturers being forced to create new labels and potential conflicts with federal labeling requirements. The reality is that fraud prevention would fall mainly on small businesses and private nonprofits, an unworkable model that has failed in states like New York and California.

Harm to Small Businesses

Local retailers would face:

- Mandatory acceptance of all containers, regardless of what they sell
- Space, labor and equipment costs for handling returns
- Risk of lost sales if they cannot offer convenient redemption
- Yet to be established penalties and fees that could be passed on to consumers

The bill's undefined terms—"underserved areas" and "handling fees," amongst others—create uncertainty and open the door to unpredictable costs.

Regional Context and Unproven Approach

Neighboring states have either considered but not passed bottle deposit laws or, like Delaware, have replaced existing bottle deposit programs after decades of failure. Maryland should follow this prudent approach—studying local conditions before committing to an untested, standalone deposit system that no U.S. jurisdiction has successfully built from scratch in over 20 years.

Unrealistic Targets

The bill sets redemption targets to eventually reach 90% — higher than current rates across all existing programs, even though those programs average a 69% redemption rate. At the same time, an increase in refund values by \$0.05 is proposed if the Department determines that for two consecutive years redemption rates have not reached 90%. Setting an unrealistic goal of a 90% redemption rate, which is currently not being achieved anywhere in America, in less than 10 years, and then penalizing producers and retailers with additional costs is misguided and punitive.

House Bill 331 is a costly, complex and regressive policy that will not solve litter, will strain residents and businesses and could worsen recycling economics at a time when Maryland can least afford it. We urge the Committee to reject this bill, which creates an unnecessary burden of tens of millions of dollars in new state spending, and focus on common-sense regulations for the recently enacted EPR program.

Respectfully submitted,

Beer Institute

National Beer Wholesalers Association