



The Maryland Department of the Environment
Secretary Serena McIlwain

House Bill 331

Maryland Beverage Container Recycling Refund and Litter Reduction Program

Position: Informational
Committee: Environment and Transportation
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From: Jeremy D. Baker, Director of Government Relations

The Maryland Department of the Environment (MDE) offers the following **LETTER OF INFORMATION** for HB 331.

Bill Summary

HB 331 would establish a Maryland Beverage Container Recycling Refund and Litter Reduction Program to address the collection and redemption of certain beverage containers sold in the State. MDE would be required to oversee the program and enforce seller and distributor registration requirements and container disposal prohibitions.

Position Rationale

MDE appreciates the need to create a stronger, more resilient, and more cost-effective domestic solid waste management and recycling program for beverage containers. The Department supports the intent of the legislation to divert beverage containers from the waste stream and reduce litter, particularly plastic pollution. In order to implement this legislation effectively, MDE has the following comments and clarifications.

Establishing the Packaging and Paper Product (PPP) Extended Producer Responsibility (EPR) program requires a substantial allocation of MDE resources. To effectively launch the PPP EPR program without compromising existing mandates, MDE would require immediate funding and personnel. Although the program's costs are eventually reimbursed, the delayed cash flow forces the department to divert resources from current administrative obligations during the intensive startup phase. MDE suggests that a stewardship organization be established earlier in the implementation schedule, and that the Department's anticipated start up costs, including stakeholder engagement and regulation development, be covered by the stewardship organization at the program's outset. In addition to the PPP EPR law, MDE is also implementing Paint Stewardship, Food Residual Diversion, Recycling Markets, Electronics Registrations, and completing reporting related to synthetic turf, and the Maryland Recycling Act - all with limited resources.

MDE has also identified some areas in this legislation which may be in conflict with the PPP EPR law. Although under the bill beverage containers would be exempt from the PPP EPR law, there are some instances, like different producer and beverage container definitions, that may make it more difficult to determine which program a specific container or its components (i.e., caps, labels) would be regulated

under.

This program establishes a consumer facing fee. Even though there is an opportunity to redeem the fee, consumers will be paying an increased up front cost. This contrasts with the PPP EPR program, where the producers are paying for implementation, and the law ensures no new or additional consumer-facing fees are used to pay for the program (§9-2505(c)(ix)). Additionally, in instances of distribution, there is uncertainty regarding who pays the consumer fees for donations and who may collect the redemption value.

There appears to be new language in this legislation that would obligate MDE to “establish” or “designate” the program, if a stewardship organization is not established by October 1, 2027. MDE interprets this to mean it must implement the program either directly or through a third-party vendor. Because the Department currently lacks the necessary in-house expertise, it may issue a Request for Information (RFI) to identify the required infrastructure - including systems, software, and equipment - and to estimate associated costs. If MDE has to establish the program on its own, MDE anticipates the need to add 10-12 positions. MDE also anticipates that the procurement process could extend program implementation by at least two years. Additional time will also be required to ensure the stewardship organization fully understands the reporting requirements and potential conflicts associated with the PPP EPR.

MDE appreciates that the grant program would be run by the Chesapeake Bay Trust. The Trust already possesses the necessary infrastructure for grant management, whereas MDE would need to build a program from the ground up. While MDE is capable of establishing its own system, the Trust’s decades of experience and institutional knowledge would ensure an effective program.

Under HB 331 the program targets a 70% redemption rate by the end of 2030. MDE warns that this goal may be difficult to reach. Benchmarks from 2024 indicate that only 40% of states with bottle bills currently achieve this rate, even with mature programs in place. The MDE expects a steep climb to meet these standards shortly after the program launches.

MDE’s discussions with other bottle-bill states reveal that fraud, especially cross-border smuggling from non-participating states, is a significant concern. Although this bill addresses fraud mitigation, doing so effectively requires substantial time, resources, and likely the involvement of the Attorney General’s Office. Furthermore, slow cash transfers have been known to disrupt redemption centers’ ability to pay out customers promptly.

MDE hopes that this information is helpful and is available for questions related to HB 331.