

A Roadmap for HB 735/SB 642, Maryland Beverage Container Recycling Refund and Litter Reduction Program

Section	Page	Subject	Summary of Content
§ 9-1701	2	Definition of recycling	Conveys the existing definition of recycling in the Maryland Code.
§ 9-1702	2	Duties of the Office of Recycling	Updates the duties of the Office of Recycling to include administering the Program
§9-1707	3	Recycling Trust Fund	Creates a separate account within the State Recycling Trust Fund for the Program, consisting of registration fees, fines and penalties, reimbursements from the Stewardship Organization(s), and some unredeemed deposits.
§9-1733	5	Definitions	<p>Defines 25 terms used in the bill. Significantly -</p> <ul style="list-style-type: none"> • <u>Beverage</u> is any drinkable liquid intended for human oral consumptions, excepting drugs regulated under the federal Food, Drug, and Cosmetic Act, and infant formula. • <u>Beverage container</u> is a bottle, can or other container that has been sealed by a manufacturer that is made of glass, metal, or plastic, and at the time of sale contains 3 liters or less of a beverage. • <u>Producer</u> is defined here and in §9-1740. • <u>Retailer</u> is a person that sells redeemable beverage containers to a consumer in the state, including through a vending machine or online for home delivery • <u>Bag Drop</u> definition is added; <u>Beverage Container Stewardship Organization</u> redefined as a single organization representing all of the beverage container producers in the state.
§9-1734	11	Legislative Intent	<ol style="list-style-type: none"> (1) Achieve a redemption rate of at least 90% for the 5.2 billion beverage containers sold in the State. (2) Provide a source of high-quality food-grade materials for recycled content in beverage and food containers. (3) Reduce the volume of litter and plastic pollution from beverage containers in the State. (4) Reduce the volume of beverage containers that are landfilled or incinerated in the State. (5) Reduce the costs of litter and beverage container collection, recycling, and disposal incurred by taxpayers and local government by making beverage container producers responsible for recovery, recycling, and reuse. (6) Provide incentives for increasing the use of reusable and refillable beverage containers; and (7) Reduce greenhouse gas emissions due to production, transportation, processing, and waste disposal of beverage containers.
§9-1735	12	Establishment of the program	Establishes the Maryland Beverage Container Recycling Refund and Litter Reduction Program.
§9-1736	12	Program targets	<ol style="list-style-type: none"> (1) 70% redemption rate and 65% recycling rate by 12/31/2028 (2) 90% redemption rate and 85% recycling rate by 12/31/2031 (3) Attainment of all convenience standards by 12/31/2026 (4) At least 10% of all beverage containers sold are refillable by 12/31/2034
§9-1737	12	Deposit established	<ul style="list-style-type: none"> • Deposit of 10¢ for beverage containers ≤24 fl. oz and 15¢ if > 24 fl. oz. • MDE may or must adjust the deposit under certain conditions • Deposit to be added to the wholesale and retail price of a redeemable beverage container on Jan. 1, 2027 • Deposit amount must appear on the sales receipt • Retail price of a redeemable beverage container sold by an on-premises seller (e.g., restaurant, stadium, etc.) may not include the

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§9-1738	13	Redemption facilities, processing fees	<p>refund value.</p> <ul style="list-style-type: none"> • <u>Redemption options.</u> The Program shall provide a range of options for customers and on-premises sellers to conveniently redeem empty beverage containers for the full refund value, including: (a) for customers, at a retailer’s place of business, using reverse vending machines, bag drops, and/or cash refunds by a retailer; at dedicated redemption facilities in parking lots and offices in shopping centers;; and by placing reverse vending machines, bag drops, or account-based bulk processing programs in areas with a lot of foot traffic (b) for on-premises sellers, via regular collection of empty redeemable beverage containers; access to a high-volume validation and audit system to receive a bulk rate for the refund; or access to a bag drop. • <u>Redemption centers</u> shall be licensed by MDE; MDE shall develop standards and a licensing process. • <u>Redemption at retailers.</u> (1) Retailers ≥3,000 sf sales area and > 150 sf of shelf area displaying redeemable beverage containers must establish and maintain a dedicated area to accept redeemable beverage containers, accept any redeemable beverage container returned for redemption during business hours, and pay the refund value. They may also offer redemption by reverse vending machine, bag drop, etc. Several retailers can collaborate to provide a single redemption site, subject to BCSO approval. If they are located near a redemption center in a convenience zone, may be exempted from redemption if it subsidizes that center. (2) Retailers <3,000 sf must take back for cash refund any redeemable containers that they sell and are not accepted in reverse vending machines. They must also post the location of the nearest location with a cash refund at the store’s entrance. • <u>Unacceptable containers.</u> A retailer or redemption facility may refuse to accept empty containers that are dirty or broken, contain material foreign to the normal contents of a beverage container, or that they believe were not sold in the state. • <u>Reverse vending machines (RVMs)</u> A person providing an RVM must provide an option for redeeming containers when the RVM is full, broken, or under repair, and for any redeemable containers not accepted by the RVM. • <u>Account-based bulk processing program</u> MDE shall establish a process of reviewing, approving, and monitoring an account-based bulk processing program for accuracy. • <u>Refunds</u> shall be in cash, in the form of a receipt from an RVM that can be exchanged for cash, or placed in an account that allows the person to obtain the refund within a time to be determined by the department after dropping off the container. • <u>Handling fee.</u> A redemption facility, retailer, or other person that accepts redeemable beverage containers for redemption shall be reimbursed by a distributor for the handling of each container redeemed. The handling fee shall be set by MDE to cover the costs of collecting, sorting, processing, and transporting empty redeemable beverage containers for recycling, reuse, or refilling. MDE may increase the handling fee if necessary to encourage establishment of more redemption facilities. • <u>On-premises sellers.</u> Shall be reimbursed by the BCSO or its agent for the handling of the empty redeemable beverage container by a “material handling fee” set by the Department. The BCSO shall pay for receptacles and labels required for collecting and pre-sorting. • <u>Redeemed container materials.</u> Redeemed beverage containers shall be returned to the Beverage Container Stewardship Organization for use or sale as scrap material.
§9-1739	19	Management of deposits	<ul style="list-style-type: none"> • <u>Separate account for deposits.</u> The deposit initiator shall put all deposits collected into an account that is maintained separately from all other revenues. The funds in that separate account may only be used to pay the refund value of the redeemable beverage container being redeemed. There are reporting requirements on the number of redeemable beverage containers sold and redeemed, the deposits collected, the deposits refunded, and any income earned on the account. • <u>Unclaimed deposits</u> are defined. MDE shall determine the point at which a deposit becomes unclaimed.

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			<ul style="list-style-type: none"> • <u>Use of unclaimed deposits.</u> The deposit initiator shall transfer 10% of unclaimed deposits to MDE, to be used only for the costs of administering the Grant Program, and 90% of unclaimed deposits to a reserve account to implement the recycling refund program.
§9-1740	21	Applicability to producers, Registration of producers by MDE	<ul style="list-style-type: none"> • Defines which entity is considered the “producer” responsible for fulfilling the requirements of the bill. Private label retailers do not have to register as producers if another responsible producer has contractually accepted responsibility as the producer and has joined the BCSO as responsible for that covered product. • <u>Registration.</u> Beginning January 1, 2027, a producer may not sell, offer for sale, or distribute in or import into the State a redeemable beverage container unless the producer is registered with MDE, has paid the registration fee to MDE, and, individually or as part of a Beverage Container Stewardship Organization, has a Beverage Container Stewardship Plan approved by MDE. • Registration is required on or before March 1, 2026, and each March 1st thereafter, and payment of the registration fee on a schedule to be determined by the department.. • <u>Registration fee.</u> The annual registration fee will be established that, when combined with anticipated revenue, will produce funds sufficient to cover MDE’s estimated costs of planning, implementing, administering, monitoring, enforcing, and evaluating the program for the upcoming year, and is proportional to a producer’s share of the total number of redeemable beverage containers sold in the state for the preceding year and shall also reimburse any actual start-up costs by the Department that were financed from the General Fund. • The fees collected are to be transferred to the State Recycling Trust Fund special account, and to be used only to cover MDE’s costs of planning, implementing, administering, monitoring, enforcing, and evaluating the Program, and the part spent on start-up and funded from the general fund shall be reimbursed.
§9-1741	24	Selection of a Beverage Container Stewardship Organization, conditions for revocation and replacement	<ul style="list-style-type: none"> • Requires MDE to accept applications for Beverage Container Stewardship Organizations by August 1, 2025, and to approve a single Organization as the system operator by October 1, 2025, for a period of not to exceed 10 years. • Lists the minimum criteria for selection and circumstances that would lead to revocation of approval of the Beverage Container Stewardship Organization. • In case of revocation, the Department may approve one or more additional Beverage Container Stewardship Organizations. • In the event of revocation, the trustee or escrow agent of the revoked Organization must be able to accept payments directly from producers that covers what would have been made to the revoked Organization before the stewardship plan’s termination or revocations, and make payments from the fund as directed by the Department to implement the requirements of the law.
§9-1742	26	Beverage Container Stewardship plan requirements	<ul style="list-style-type: none"> • Sets out the information required for a Beverage Container Stewardship Plan, to be submitted to MDE on or before March 1, 2026. Approved Plans expire at the end of 5 years. • It must identify and include contact information for each producer to be covered under the plan, and must identify each brand of redeemable beverage container intended to be sold under the plan, including the size and material of containers for each brand and whether the containers are refillable. • It must include a closure plan in the event that the Beverage Container Stewardship Organization dissolves or its approval is revoked, and must include create a trust fund or escrow account into which all unexpended funds are deposited for use if that happens so that the producer participants may continue to meet their obligations.

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			<ul style="list-style-type: none"> • The BCSO must set up a trust fund or escrow account in Maryland and deposit unexpended funds for use if the BSCO dissolves or approval is revoked, so that the producers have the resources to continue. • MDE shall submit a Stewardship Plan to an independent financial auditor • Within 120 days after receipt of the Plan, MDE must approve, approve with conditions, or deny the Plan. The criteria for approval, process for amending a Plan are described. • Plans are to be implemented within 6 months of Plan approval. The responsibilities for implementation of a Stewardship Plan are described.
§9-1743	32	Annual reporting requirements by the Beverage Container Stewardship Organization	<ul style="list-style-type: none"> • Establishes the annual reporting requirements of a Stewardship Organization with approved Stewardship Plans. • Reporting starts April 1, 2028 and annually thereafter. • A description of information items to be included in the report is provided. • Financial, production, and sales data of individual producers shall be kept confidential. • The annual report will be shared with the Advisory Council and posted on the MDE website
§9-1744	35	Local governments	<ul style="list-style-type: none"> • MDE shall establish a process for a county or municipality to create a redemption facility. • Beverage containers redeemed at a county or municipal redemption center shall be credited to their recycling rate. • During the first two years, a portion of program revenues shall be used to compensate local government for any documented net loss of revenue to its waste management system that can be attributed to the Program. A list of the costs and benefits to be included in these calculations is provided.
§9-1745	36	Financing	<p>Program funding is from stewardship organization fees, revenue from sale of raw materials, unclaimed deposits, registration fees, and penalties, and must be used to meet or exceed the program's targets and other sections of the Subtitle.</p>
§9-1746	36	Recycling Refund Grant Fund established	<ul style="list-style-type: none"> • Establishes the Beverage Container Recycling Refund Grant Program, with the purpose of providing funding for projects that: (1) increase the reuse and recycling of beverage containers in the State; (2) increase availability of public water fountains and refill stations in the State, as an alternative to bottled water, and (3) reduce beverage container litter in the State. • MDE administers the Program, funded from a portion of the unredeemed deposits, placed in the separate account. • The Grant Fund may award up to \$5 million in grants annually. The section lists the types of entities eligible for a grant and requires MDE, with input from the Advisory Council, to adopt regulations for the application process, criteria for awards, reporting, and evaluation. • Grant program launches awards begin on or before Jan. 1, 2028.
§9-1747	38	Other duties of MDE	<p>In addition to what is described elsewhere in the bill, MDE shall:</p> <ol style="list-style-type: none"> (1) Establish convenience standards for the coverage and availability of redemption options across the state; and ensure that they provide accessible options for differently abled people, those in rural areas low-income communities of color; and (2) Establish a system for large on-premises sellers to verify the source of high volumes of redeemable beverage containers.
§9-1748	38	Beverage Container Recycling Refund	<p>The Redeemable Beverage Container Recycling Refund Advisory Council, is responsible for: (1) Advising MDE on approval of a Beverage Container Stewardship Plan; (2) Making recommendations to MDE on implementation of the approved Plans; (3) Reviewing and advising MDE on the annual reports; and (4) Advising MDE on the implementation, administration, and performance of the program. The composition of the Advisory Council is described.</p>

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		Advisory Council established	
§9-1749	40	Regulations	Requires MDE to adopt regulations on/before June 1, 2025.
§9-1750	40	Infractions, penalties, enforcement	<ul style="list-style-type: none"> • <u>Enforcement</u> is provided per §§9-334 through §9-334 of this title (in addition to these additional provisions). • <u>Written notice</u> – A penalty may not be imposed on a producer for failing to register or to identify each brand of redeemable beverage container unless MDE first issued written notice and the producer hasn't complied within 90 days after the notice. • <u>Fraud</u> – A person may not redeem, attempt to redeem (etc) <i>with intent to defraud</i>, a container sold in another state, one rejected from redemption, line breakage, previously redeemed container, another ineligible material. Redeemed beverage containers may not be disposed in a landfill or incinerator. Penalties will be established by MDE based on the number of beverage containers & refund amounts involved • <u>Administrative penalties for failure to reach targets</u>. Beginning January 1, 2030, if a producer or Stewardship Organization falls short of redemption rate targets two successive years, a penalty of 10¢ per container short of the target is applied. • Penalties will be transferred to the special account of the Recycling Trust Fund to be used only for MDE's costs of planning, implementing, administering (etc) the program.
§9-1751	42	Immunity from State antitrust laws	Grants immunity to any person participating in a stewardship plan in compliance with this subtitle from liability under state law relating to antitrust and restraint of trade for any activities arising from collection, transport, processing, recycling, reuse, and management of beverage containers.
Section 2	42	Effective-ness date	June 1, 2024

1/31/2024