



Bottle Bill Funding: How It Works

INTRODUCTION

The Maryland Bottle Bill creates a convenient and highly effective deposit-return system for increasing beverage container recycling and reducing litter that requires no funding from Maryland or its residents. The program places a small refundable deposit on beverage cans and bottles at checkout, an incentive to return the container instead of trashing or littering it. Customers return their empty containers at convenient locations across the state – retailers, grocery stores, redemption centers, bag-drop programs in parking lots, and others. When the customer returns the container, they get the deposit back.

STARTUP FUNDING IS TEMPORARY AND REPAID

Maryland will need to provide temporary General Fund support to launch the program, including initial administrative, rulemaking, and implementation costs. However, those startup costs will be reimbursed by the Beverage Container Stewardship Organization (BCSO) once the program is operating. After startup, the system requires no ongoing State funding.

THREE FUNDING SOURCES

The nonprofit BCSO that creates and operates the system relies on three funding sources:

Beverage Producer Payments

Beverage producers must join the BCSO and pay annual fees that cover the costs of infrastructure and running the program. The fees cover collecting, transporting, and processing beverage containers. Beverage producers must also pay registration fees to cover the State's cost of establishing, overseeing, and enforcing the program.

Revenue from the Sale of Collected Materials

The Bottle Bill system will create a clean stream of food-grade aluminum cans, and glass and plastic bottles. These containers will be sold to recyclers to make new beverage containers. The BCSO uses the revenue from the sale of these materials to help fund the system.

Unclaimed Deposits

The program sets a goal of collecting at least 90% of all redeemable beverage containers sold in the state. However, consumers who do not return their containers will not get their deposit back. The BCSO may use 90% of these "unclaimed deposits" to help fund the program. The other 10% of unclaimed deposits would go to a new grant program administered by the Chesapeake Bay Trust for projects that increase the reuse and recycling of beverage containers, increase the availability of public water fountains and refill stations, and reduce beverage container litter in the State.



WHAT THE STEWARDSHIP ORGANIZATION FINANCES

The Beverage Container Stewardship Organization must submit a five-year Stewardship Plan to the Maryland Department of the Environment (MDE) for approval. The Plan lays out how the Organization will achieve the program's objectives, among other things. Major expenditures include:

- **Investments in collection and redemption infrastructure** – including but not limited to reverse vending machines, bag drops, high-speed counting and sorting technologies, redemption centers, and other collection systems.
- **Payments to retailers, redemption centers, restaurants, and other venues where beverages are consumed on the premises** – this includes payments for the work of collecting redeemed containers, reimbursement to retailers for refunds provided to customers, and reimbursement to on-premises venues (like restaurants) for the deposits they paid, when their containers are returned.
- **Transportation and processing of containers** – timely pickup of returned containers from redemption locations, processing the redeemed containers, and baling the materials for sale to recyclers.
- **Administration, education, reporting, coordination, program operations, and enforcement.**
- **Reimbursement and payments to MDE** – reimbursement to the General Fund for the costs of MDE's actions to launch the program, annual payments to a special fund to finance 100% of MDE's oversight and enforcement.

How the System is Funded

Producer fees, sale of recovered materials, and unclaimed deposits pay for the system.
No taxpayer funding.

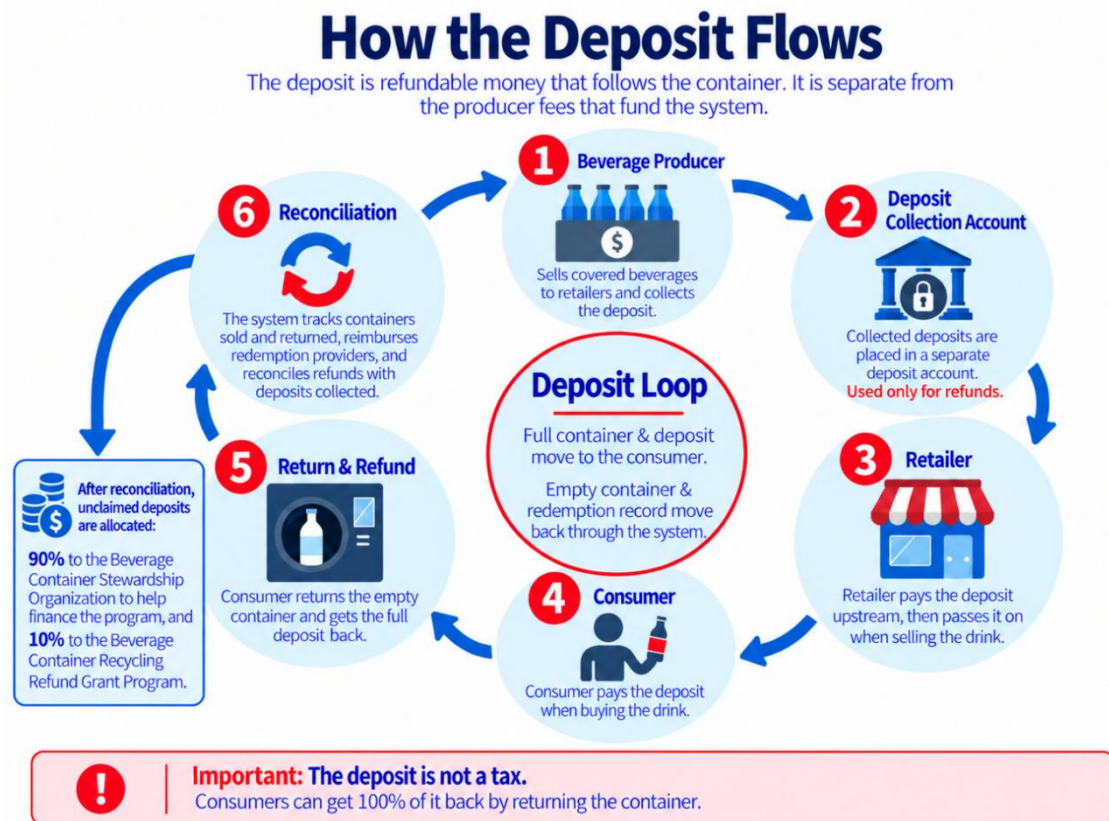




The Flow of Containers, Deposits, and Refunds

THE DEPOSIT IS REFUNDABLE – NOT A TAX OR PROGRAM FEE

When a deposit is collected, it is placed in a separate account reserved for refunds. Consumers receive 100% of the deposit back when they return an empty beverage container for which a deposit was paid. If an empty redeemable container is not returned, the deposit becomes unclaimed. Ninety percent of unclaimed deposits must be used by the Beverage Container Stewardship Organization (BCSO) to help fund the return system, while the remaining 10% funds the new Beverage Container Recycling Refund Grant Program administered by the Chesapeake Bay Trust.



RETURNING CONTAINERS WILL BE CONVENIENT

Reaching the target 90% return rate will require a redemption network that is accessible, reliable, and convenient for consumers. MDE must establish statewide convenience standards that ensure the redemption network serves communities across Maryland, including differently abled people and those in rural and low-income communities. Retailers with at least 3,000 sq. ft. of sales area that sell covered beverage containers must maintain on-site capacity to accept eligible returns with technology provided by the BCSO. If the BCSO fails to meet the 90% return target by the fifth year of operation, there are significant penalties.