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January 26, 2022

The Honorable Michael J. Webert  
Chair, Agriculture Subcommittee  
Committee on Agriculture, Chesapeake and Natural Resources  
Virginia House of Delegates  
1000 Bank Street  
Richmond, VA 23219

**RE: Support for HB 826, an act relating to a beverage container deposit and redemption program**

Dear Chair Webert and Members of the Subcommittee:

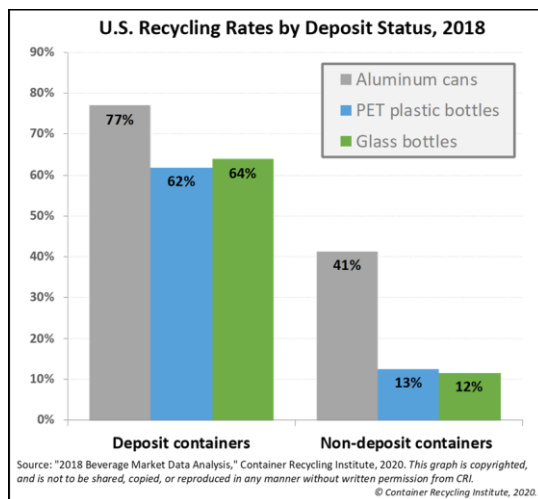
The Can Manufacturers Institute (CMI) thanks Delegate Patrick Hope for introducing House Bill 826, which would create a beverage container deposit program in the Commonwealth. Delegate Hope has shown real leadership by proposing a private sector approach that incentivizes consumers through the use of a refundable deposit to see the value in holding onto their empty beverage containers for recycling. The Commonwealth wins as its beverage container recycling rates increase, which will reduce litter in communities and natural areas, provide raw materials to power the local economy, and cut carbon emissions with fewer use of new, "virgin" material. Virginia also saves time and money from needing to do less litter collection, enabling the Department of Environmental Quality's Litter Prevention Program and local litter clean control efforts to turn their attention and resources to other issues.

**The Metal Can Industry in Virginia**

CMI is the U.S. trade association representing metal can makers and their suppliers. The industry employs more than 28,000 people and our members have facilities in 33 states. All of our members are proud to make the most sustainable package for beverage and food products. CMI has two members with operations here in the Commonwealth. One member, Crown Holdings, Inc., has invested \$145 million in Martinsville to open a new aluminum beverage plant, which is expected to come on-line late this year. That new plant is one of many investments Crown is making to meet the unprecedented demand in the United States from the beverage industry for sustainable and recyclable packaging. Best of all, Crown chose Virginia over South Carolina for the site of their new facility and expects to create 126 new jobs. Crown also has two other facilities in the Commonwealth, a plant in Winchester with 118 employees making beverage can ends and a food can plant in Suffolk. Another CMI member, Trivium Packaging, has a food can plant in Roanoke that employs 118 Virginians. All of our members are proud to make the most sustainable package for beverage and food products.

### The Aluminum Can Industry's Actions To Increase Recycling Rates

This past November, CMI and the Aluminum Association (AA) announced a joint goal of increasing the U.S. aluminum beverage can recycling rate from the current industry-leading 45 percent to 70 percent by 2030. CMI and AA support deposit programs because they are vital sources of used beverage cans. A 2019 analysis by environmental research firm Circular Matters showed that while the deposit states consume about a quarter of all beverage cans, they generate more than a third of all cans recycled. Further, while recycling rates for aluminum cans are about 41 percent in non-deposit states, they average 77 percent in states with such programs. The cans that aluminum suppliers receive from deposit states tend to be far cleaner and of higher quality, making recycling easier and more economical.



### Key Elements of Well-designed Deposit Programs

House Bill 826 captures the critical components listed below that CMI believes are critical to creating a well-designed deposit program:

- **Easy and convenient redemption to encourage consumer participation.** The bill requires most retailers who sell beverages to provide redemption options for consumers. Redemption at retailer allows consumers to redeem their containers as part of everyday activities and drives foot traffic to local stores. The burden on retailers is minimized as they can satisfy the obligations of the bill simply by making some space available for the producer responsibility organization (PRO), who manages the program, to install, service, and operate a redemption option inside or outside of stores.
- **Operate the program through a private PRO financed by beverage distributors and importers.** Department of Environmental Quality provides government oversight to ensure redemption targets are met and violations of the law are enforced.
- **Unredeemed deposits must remain with the PRO to improve recycling.** The PRO is required to prioritize use of unredeemed deposits for investment in consumer

convenience and program efficiency. The PRO may allocate some of the funds to go towards community recycling programs.

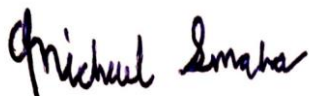
- **All container types and all beverage categories must be included in the program, with only minimal exemptions allowed.** This ensures a level playing field and higher recycling rates for all beverage containers. The full range of beverage categories must be included and new categories added with ease when they come onto the market.
- **All material types must “pay their own way.”** The consumer beverage companies should be charged a fee based on material type and the cost to collect, store and process that container. This prevents higher valued materials from subsidizing the program costs of lesser valuable materials.
- **Vary the deposit rate based on container size.** This helps avoid market-distorting incentives for consumers to choose larger containers over smaller ones. Larger container types are also made of more material and the added deposit helps incentivize return of these containers that provide greater amounts of recyclable material.
- **Use clear labeling anywhere easily seen on the container.** The PRO can decide on requiring a barcode or universal product code (UPC) to allow for automated identification and to reduce fraud. The PRO could consider new tracking and tracing technology to reduce fraud and increase ease in getting material back to the producer for reuse into new containers.

A more detailed version of these principles can be found in [this guidance document](#) from CMI, the international circular economy non-profit ReLoop and the advocacy organization U.S. Public Interest Research Group.

Passing this legislation will help Virginia move well past its aluminum can recycling rate, which is stuck in the low 20 percent range, according to [a state-by-state assessment](#) by the research firm Eunomia. Virginia becoming the 11<sup>th</sup> state with a deposit program will increase the number of jobs in the recycling industry, increase value in the material collected and reduce litter cleanup costs for government. The benefits will also go well beyond metal cans, but to other packaging materials as well. CMI thanks Delegate Hope for his thoughtful proposal and looks forward to working with others interested in creating more robust circular economy in the Commonwealth.

Please do not hesitate to contact me if I can answer any questions or provide additional information.

Sincerely,



Michael Smaha  
Vice President, Government Relations  
Can Manufacturers Institute

**Commented [SB1]:** Hyphen in between vice and president?  
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