



Extended Producer Responsibility (EPR)

Handling the Challenge at the State Level

Before embarking on an EPR program, the Brewers Association (BA) believes the state legislature should:

1. Conduct a case study of states that previously passed EPR to learn where the shortcomings and bottlenecks are to most effectively and efficiently implement a program in your state.
2. Include packaging manufacturers as payors into the system. The goal of EPR legislation is to encourage producers to make different, more sustainable packaging decisions for their products. Pre-printed aluminum cans, the most sustainable packaging option for craft brewers, often comes with a massive minimum order (e.g., 1 million cans), which is not a realistic option for most brewers. Even if the brewery is working with a broker for pre-printed cans, markups on that product make it out of reach for many small businesses. This forces breweries into utilizing harder to recycle options such as shrink-wrapped or stickered cans which require label removal prior to processing in a recycling facility. Requiring packaging producers to pay-in to the program will incentivize them to manufacture sustainable packaging that is more readily available to their customers.
3. Focus on plastics which constitute the overarching recycling problem in America. Aluminum and glass packaging used by brewers is recycled at significantly higher rates (45% and 31% respectively for beverage containers) than plastic beverage containers which are currently recycled at only 5%. If container deposit requirements already exist in the state, aluminum and glass should be exempted from implementation altogether. If not, the legislature should consider a lower pay-in rate for glass and aluminum.

Once a bill reaches the hearing process, the BA, state guilds, and members should seek the following prudent amendments:

1. Establish a threshold for qualifying to pay into the program. Because small brewers and on-premise retailers (like brewpubs and taprooms) create so little packaging, a threshold of \$5M in revenue per year is reasonable, with a few additional requirements:

- a. Brewers that sell most of their beer for consumption on their own premises should be exempted from EPR responsibilities. These are small retail businesses with tight margins that create little package waste. The threshold should be based on total revenue of packaged goods sold, and not total sales.
 - b. Food, merchandise, and other revenue not related to packaged product sales (such as event rental fees) should not be included in the total revenue figure.
 - c. Exempt sales in kegs and other bulk containers from any thresholds. Kegs represent the ultimate recyclable package, with brewers reusing them as a matter of course. Sales in kegs should not count as toward the total revenue figure for purposes of determining the inclusion of a company into an EPR program.
2. Establish a threshold for qualifying as a redemption center based on the total sales of packaged product. Most small brewers are not major points of retail distribution, and therefore cannot bear the cost burden of establishing and operating a redemption center.
 3. Include funding to update/retrofit existing state recycling infrastructure and facilities so they can recycle all products included in the legislation. Without upgraded infrastructure, the EPR program will prove ineffective and unable to maximize the state's recycling potential.
 4. Incorporate a means to evaluate the effectiveness of the EPR program once implemented, which would include the ability to sunset the program should it not meet the stated goals.