
Principles for a Modern, Well-Designed Deposit System

The following list of principles to design an efficient, effective deposit system is a collaboration of CMI, Reloop, and U.S. Public Interest Research Group:

- **Single entity to manage the system that must meet performance targets:** Centralized system management in a single body would reduce net system costs and create efficiencies. High performance targets (e.g., 90%) should be set for the entity to meet via the means it determines best. There should be government oversight and enforcement that ensures transparency in operations and achievement of performance standards.
- **Appropriate deposit values to avoid market distortion and catalyze high recycling rates:** The structure of the deposits that consumers pay should not create market-distorting incentives. For example, the deposit system should have a variable rate based on volume as is done [in California's system, as well as](#) Denmark, Finland, Norway, and Sweden. Without a variable rate, the deposit structure [would drive](#) consumers to buy large beverage containers (e.g., two-liter plastic bottles), rather than letting the market choose based on sustainability performance and other considerations. Also, the [data shows](#) higher deposits correspond to higher redemption rates. Deposits should be at least 10 cents. One possible variable rate structure is 10 cents for containers less than 24 ounces and 15 cents for containers 24 ounces or more.
- **Unredeemed deposits should enhance the recycling system:** Since a deposit system is one part of a high functioning recycling system, revenue from unredeemed deposits should by statute be restricted to expenditures that enhance the recycling system. Proper expenditures include recycling infrastructure, consumer recycling education campaigns, and fair transition funding to existing recyclers.
- **Include all beverage types and containers:** Ensure a level playing field and higher recycling rates for all beverage containers by including the full range of beverages and all common beverage packaging material types and volumes in the deposit system. Only minimal exemptions should be allowed.
- **Easy and convenient redemption:** Returning empty containers so consumers get their deposit back should be easy to do as part of everyday activities for all communities without unnecessary burdens on retailers. Deposit programs should enable a variety of means and locations to redeem, and they should compensate fairly for service provision the operators hosting collection infrastructure and providing storage, sorting, and system maintenance.
- **Each material pays its own way:** The fees to pay for the system cost need to accurately reflect the cost of container collection, storage, and processing. The private sector should pay for these fees with charges that vary by material type based on its environmental impact and its economic value so that each material pays its own way. Robust and regular reporting requirements must be put in place so fees can be charged accordingly.
- **Use technology and clear labeling to reduce fraud and unfairness:** Each beverage container should have a harmonized mark printed on it anywhere easily seen so consumers know it can be redeemed for a deposit and redemption locations can easily recognize the container is eligible for redemption. Further, beverage containers should have a barcode or unique code verification for accurate allocation of costs, efficient reporting of redemption rates, and fraud reduction.