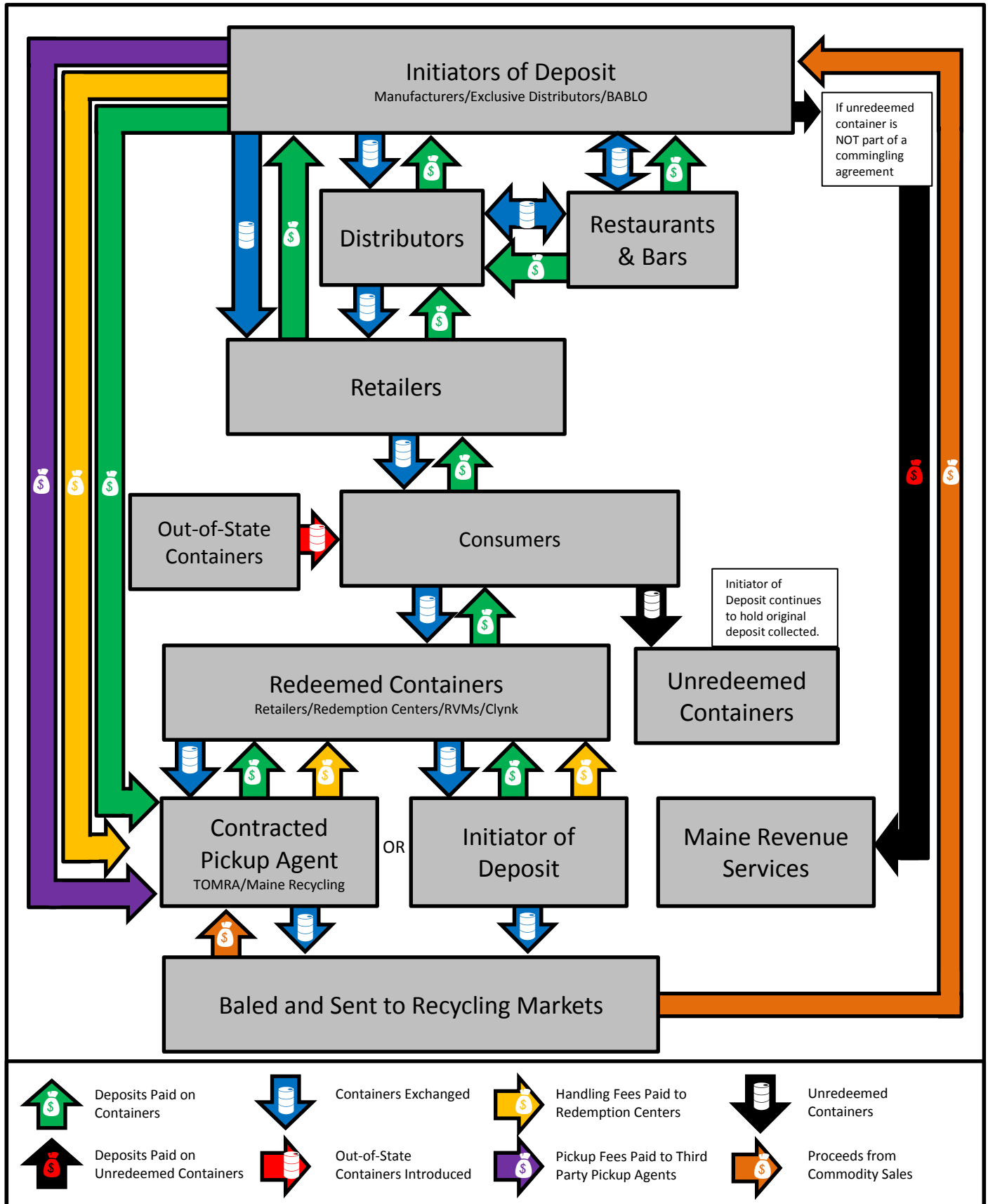


ATTACHMENT A – Flow of Containers, Deposits and Handling Fees in Maine (see narrative description on reverse)



Narrative Description of Flow of Containers, Deposits and Handling Fees in Maine's Beverage Container Redemption Program

1. Initiators of Deposit (IoD) begin the deposit cycle by collecting deposits on the containers they sell to retailers, bars and restaurants or (if applicable) distributors.
2. Retailers collect deposits as containers are sold to consumers, thus reimbursing the retailer for deposits they paid upon purchase of the product.
3. Consumers redeem empty containers at a licensed redemption center where deposits are refunded to consumers.
4. Redemption centers sort containers and prepare them for collection by the IoD or a third party pickup agent. In some redemption centers, the containers are put in bags or cases for pick-up. In other types of redemption centers, containers of like material are crushed into bins or bales.
5. The IoD or a third party pickup agent collects the containers and reimburses the redemption center for the deposits paid to consumers in addition to paying the redemption center a handling fee of 3½¢ or 4¢ per container.
6. When a third party pickup agent is used, the IoD reimburses the agent for (i) the deposits paid to redemption centers as the IoD received this deposit at the beginning of the cycle, and (ii) the handling fees paid to the redemption center. In addition, the IoD will pay the pickup agent a fee for the service of collecting and processing the containers.
7. The containers or crushed materials are baled and sold as commodities through recycling markets. If the IoD has retained ownership of the containers/materials, then the IoD gets the proceeds from the sale to recycling markets. If the third party pickup agent assumes ownership of the containers/materials by virtue of its contract with the IoD, then the proceeds flow to the pickup agent, usually in exchange for a discount on the pick-up fee.

The system is not perfect as some containers are never redeemed and out-of-state containers that did not have a deposit initiated can enter the system.

8. For unredeemed containers, the deposits have been paid to, but not paid out by, the IoD. IoDs with containers that are not covered by a commingling agreement are required to report sales and redemptions to MRS and remit unredeemed deposits on those containers to the State. IoDs that are party to a commingling agreement retain the deposits on unredeemed containers covered by those agreements and do not need to report to MRS. IoDs that are breweries or water bottlers that meet certain volume requirements also retain the deposits on unredeemed containers and are exempt from reporting to MRS.
9. Containers purchased out-of-state can be introduced into the system by consumers who inappropriately redeem them at in-State redemption centers. An original deposit may not have had been paid to the IoD for these containers. Therefore, unless the redemption center rejects these containers, the IoD pays out deposits that they did not receive, along with the applicable handling fees and pick-up costs.