

Administrative Release

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AB-37

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To: All Licensed Maryland Beer Wholesalers, Breweries and
Retailers that sell Keg Beer

Subject: Keg Beer Deposits

We know that beer wholesalers have historically charged a keg deposit for beer sold to licensed retailers. This nominal charge was in addition to the price of beer and has been used as a mechanism to encourage the return of empty kegs by the retailer to the wholesaler.

We also understand that with the price of scrap aluminum averaging \$35-\$45 per keg, beer kegs are being brought to scrap metal dealers for cash as the scrap metal value exceeds the deposit. The Beer Institute estimates that approximately 300,000 kegs per year are going to the scrap heap in this way. This costs the industry an estimated \$40M per year to replace the lost kegs. Many times the kegs are stolen from the retailers premise and passed along to recyclers for the proceeds. Of course, anyone committing such a theft could be subject to criminal charges.

As a reminder, wholesalers are allowed to alter their deposit requirement at their discretion and should file such as a condition of sale with this office. As a suggestion, a higher deposit may encourage retailers to secure the used kegs and cut down on such thefts. Such conditions of sale should be communicated to all retailers and be uniformly applied. That communication could be in letter format or appear in any trade advertisement that is circulated amongst the retail trade. All conditions of sale stay in effect until they are modified or cancelled by the licensee.

Should you have any questions on beer keg deposits or other conditions of sale, please contact Dan Adams at 410-260-7319.

Thaddeus Russell
Director