

Department of Legislative Services
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FISCAL AND POLICY NOTE
Revised

House Bill 929

(Delegate Stein, *et al.*)

Environmental Matters

Education, Health, and Environmental Affairs

Environment - Recycling Rates and Waste Diversion - Statewide Goals

This bill increases the reduction through recycling targets that must be included in a county recycling plan. The bill also increases the reduction through recycling requirements for the State government. Finally, the bill establishes a voluntary statewide recycling goal of 55% by 2020 and a voluntary statewide waste diversion goal of 60% by 2020.

Fiscal Summary

State Effect: State expenditures (all funds) for the disposal of waste may decrease beginning in FY 2015 to the extent that greater levels of recycling achieved after the July 1, 2014 implementation deadline result in the payment of fewer landfill tipping fees. State expenditures (all funds) may increase beginning in FY 2015 for any State agencies that require additional resources to achieve the bill's recycling requirements. It is assumed that developing the new plans can be handled with existing resources. State revenues (all funds) may increase in any year in which the value of recyclable materials is great enough to provide reimbursement to the agencies generating the recyclable materials from the profits earned by recyclable material haulers.

Local Effect: Local expenditures may increase for some jurisdictions beginning in FY 2016 to implement revised county recycling plans, but they could decrease to the extent waste disposal costs decrease as a result of the bill. Local revenues may be affected to the extent recycling rates increase.

Small Business Effect: Potential meaningful benefit to small business recycling contractors to the extent the bill results in an increase in demand for their services.

Analysis

Bill Summary:

County Recycling

For a county with a population of over 150,000, the bill increases from 20% to 35% the level of the reduction of the waste stream through recycling that must be included in the county plan; if the county plan instead provides an adequate justification as to why the reduction cannot be met, as authorized under current law, the bill increases the minimum recycling target that must still be included in the plan from 10% to 15%.

For a county with a population of less than 150,000, the level of reduction through recycling specified in a county plan increases from 15% to 20%; if the county plan instead provides an adequate justification as to why that level of recycling cannot be met, the minimum level that must instead be achieved is raised from 5% to 10%.

The bill requires each county plan to include the new targets by July 1, 2014. Full implementation of each plan is required by December 31, 2015.

The bill specifies that, when calculating a recycling rate, a county with a population of less than 100,000 may combine its recycling rate with the rates of one or more adjacent counties, and MDE must calculate one recycling rate for the counties that elect to do so. However, a county may not use that calculation for more than five consecutive years. Each county that elects to use a combined recycling rate calculation under the bill must submit a letter of concurrence from the highest elected official of the county to MDE. In addition, the currently required annual report on county recycling must be submitted as one report for the counties that elect to use the combined recycling rate calculation under the bill.

The bill authorizes a county that has met or exceeded a 20% or 35% reduction in the waste stream (depending on population) in calendar 2010, to satisfy the requirement to revise the county recycling plan through the submission of a letter by December 31, 2013, certifying that (1) the applicable rate will continue to be met or exceeded each year through 2015; and (2) details regarding the increased recycling rates and methods for achieving the rates will be included in the county's next regular three-year review of its 10-year county solid waste management plan.

State Agency Recycling

The bill also increases, from 20% to 30%, the required reduction through recycling of the waste stream generated by the State government. If this target is determined to not be

practical or economically feasible, the bill increases, from 10% to 15%, the minimum required level of recycling that must be achieved. Each unit of State government must implement a recycling plan reflecting these new requirements by July 1, 2014.

Statewide Recycling Goals

The voluntary statewide recycling goal of 55% by 2020 and the voluntary statewide waste diversion goal of 60% by 2020 may be accomplished through the cooperative efforts of waste generators, State agencies, local governments, the waste industry, the recycling industry, environmental groups, boards of education, and other interested parties.

Current Law: In 1988, the Maryland Recycling Act required each county to submit a recycling plan. Jurisdictions with more than 150,000 residents are required to reduce their solid waste by 20%, and jurisdictions with less than 150,000 residents are required to reduce their solid waste by 15%. A county plan may instead include an adequate justification, including economic and other specific factors, as to why the relevant goal cannot be met, in which case the minimum level of reduction through recycling must be at least 5% for counties with a population of less than 150,000, or 10% for counties with a population of over 150,000. The governing bodies of two or more counties may adopt a regional recycling plan to comply with these requirements.

If a county determines that it cannot meet the recycling target and instead provides an adequate justification, then the county is required to conduct a public hearing on the proposed reduction after following specified notice procedures. The Secretary of the Environment must review a county plan that does not meet the higher goal to determine if there is a reasonable basis for the target stated in the plan.

Counties have flexibility to determine the best way to reach the required recycling rates. However, the county recycling plan, revised on a triennial basis, must address specified issues such as the feasibility of composting mixed solid waste, methods for the separate collection and composting of yard waste, and methods of financing county recycling efforts, among other issues. Chapters 264 and 265 of 2009 added to this list a strategy for collecting, processing, marketing, and disposing of recyclable materials from county public schools, and Chapter 430 of 2010 added to this list a strategy for the collection and recycling of fluorescent lights containing mercury.

The Office of Recycling within MDE, in cooperation with the Department of General Services and other State agencies, must develop a recycling plan that reduces the amount of the solid waste stream generated for disposal by the State government by at least 20%, or to an amount that is determined practical and economically feasible, but not less than 10%. The recycling plan must include a system for recycling aluminum, glass, paper,

and plastic generated for disposal by the State government, including the placement of collection bins in State-owned or State-operated office buildings in locations determined to be practical and economically feasible. Under current law, each unit of State government was required to implement the recycling plan by January 1, 2012.

Background: According to MDE, by 2000, every county had met or exceeded their percentage requirements under the Maryland Recycling Act and continue to do so. Senate Joint Resolution 6 of 2000 established a voluntary statewide diversion goal of 40% by 2005. MDE indicates that this goal has also been met each year.

According to the U.S. Environmental Protection Agency (EPA), in 2010 (the most recent year for which data are available) 54.3% of the municipal solid waste stream was discarded in landfills, 25.9% was recycled, 11.7% was recovered as energy through combustion, and 8.1% was composted. MDE reports that, in 2010, Maryland had a recycling rate of 41% (up from 39.1% in 2009, but down from 43.9% in 2008) and a waste diversion rate of almost 45% (up from 42.6% in 2009, but down from 47.5% in 2008). The waste diversion rate is equal to the recycling rate, plus any source reduction credit granted to reward waste prevented through various projects.

In addition to the issue of landfill diversion, recycling is encouraged due to the potential for significant reductions in virgin material extraction, energy use, and emissions of greenhouse gases. For example, according to EPA, nationwide recycling and composting activities in 2010 prevented the equivalent of 186 million tons of carbon dioxide emissions; this is the same level of emissions produced by 36 million cars.

Chapter 719 of 2010 required MDE to conduct a study to evaluate solid waste management processes that reduce the solid waste stream through recycling and source reduction. As a result, MDE created a study group and consulted with local government officials, waste haulers, recyclers, environmental groups, academia, State elected officials, and other affected parties including material resource facilities to study these issues. In December 2011, the study group submitted its final report and recommendations. The study group unanimously recommended continuing with voluntary recycling and waste diversion goals and generally agreed with the plans being developed in the Maryland Climate Action Plan to increase the State recycling goal to 55% and the State waste diversion rate to 60% by 2020. However, the study group also recommended retaining the current county recycling plan targets.

State Fiscal Effect: MDE tracks the recycling rate of 33 State agencies, which have a combined recycling rate of 23.9%. According to MDE data, in calendar 2010:

- 11 agencies achieved recycling rates in excess of the bill's proposed 30% target;
- 7 agencies meet the current 20% target, but not the proposed 30% target;

- 4 agencies do not meet the current 20% target, but they do meet the 15% minimum requirement in the bill;
- 4 agencies would not meet the bill's 15% minimum requirement, but they meet the current 10% minimum requirement;
- 1 agency does not meet the current 10% minimum requirement; and
- 6 agencies have not reported their recycling rates for calendar 2010.

All State agencies may incur a minimal increase in workloads and expenditures to coordinate with MDE and to update recycling policies. However, based on the data discussed above, 11 agencies currently exceed the bill's 30% recycling target, and another 7 agencies meet the State's current 20% target and may reach that goal before the bill's July 1, 2014 implementation date even in the absence of this bill. For these agencies, it is not clear to what extent workloads or expenditures increase under the bill. Further, another four agencies meet the bill's current 15% minimum recycling rate; therefore, it is unclear to what extent expenditures might increase for these agencies, particularly if it has already been determined that meeting the higher goal is not practical or economically feasible.

Nevertheless, to the extent that the State's overall recycling rate does not reach 30% by the July 1, 2014 implementation deadline, workloads and expenditures may increase for additional training and equipment or to change recycling contracts necessary to achieve this rate. For example, the Maryland Transportation Authority advises that to achieve the 15% minimum rate required by the bill, it will likely purchase additional recycling receptacles and conduct outreach and education activities at a total cost of \$25,000. The Maryland Department of Transportation advises that, if it is necessary to increase the recycling rate (from about 27.6% in calendar 2010 to 30% under the bill), it will likely hire one or more part-time facilities and managerial positions to undertake more stringent monitoring of the waste stream and to ensure closer coordination of recycling among employees; other costs may include additional training expenditures and potential costs to increase temporary storage space of collected recyclable materials. Finally, the Department of Natural Resources advises that it will likely engage in additional internal coordination but that expenditures will not likely be affected.

To the extent that the new recycling plan for State government results in greater recycling rates, it is likely that overall solid waste disposal costs decrease due to avoided landfill tipping fees. Further, State revenues may increase to the extent that the value of recyclable materials results in reimbursement payments from recyclable material haulers to the various agencies that generate recyclable materials.

Local Fiscal Effect: Local expenditures may increase beginning in fiscal 2016 for any county that cannot meet the increased recycling requirements by the December 31, 2015

implementation deadline. MDE data indicate that, based on recycling rates achieved in calendar 2010, four counties would not meet their respective 35% or 20% recycling rate targets established by the bill. However, each of these counties would still meet the bill's increased minimum recycling rate of 15%. It is unclear whether any of these jurisdictions would fail to meet the higher target recycling rate by the bill's December 31, 2015 deadline for full implementation of the revised county plans. Even if a county fails to meet the higher target rate, it is unclear whether the jurisdiction would incur additional expenditures or attempt to achieve the minimum requirement with existing resources and provide MDE with justification as to why the higher target rate cannot be achieved.

Also, the bill allows a county with a population of less than 100,000 to combine its recycling rate with the rates of one or more adjacent counties. Thus, it is possible that some counties that otherwise would not initially be able to achieve the increased recycling rates on their own may be able to do so by using the bill's authority to combine their rates with the rates of adjacent counties that exceed the targets.

To the extent that county recycling rates increase as a result of the bill, solid waste disposal costs decrease due to avoided landfill tipping fees.

Local revenues may increase in any year in which the value of recyclable materials is great enough to provide reimbursement to the agencies generating the recyclable materials from the profits earned by recyclable material haulers.

To the extent the bill results in less waste deposited in county landfills, it could extend the life of the landfills and reduce operating costs. On the other hand, local revenues from tipping fees may decrease.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Kent, Montgomery, and Worcester counties; Baltimore City; Department of Natural Resources; Maryland State Department of Education; Maryland Department of the Environment; Maryland Department of Transportation; Solid Waste Management Recycling and Source Reduction Study Group; U.S. Environmental Protection Agency; Department of Legislative Services

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