

Department of Legislative Services  
 Maryland General Assembly  
 2020 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1538 (Delegate Smith, *et al.*)  
 Environment and Transportation

Environment - Waste Haulers - Reporting Requirement

This bill establishes semiannual reporting requirements for “waste haulers” beginning January 1, 2021. The Maryland Department of the Environment (MDE) must enforce the bill and adopt implementing regulations. The bill establishes a monetary penalty of up to \$250 for waste haulers who fail to comply with the bill’s reporting requirements.

Fiscal Summary

**State Effect:** General fund expenditures increase by \$215,500 in FY 2021; future years reflect annualization and ongoing costs. Potential minimal increase in State expenditures (all/multiple funds) for waste disposal services. Potential minimal increase in general fund revenues from the bill’s penalty provision.

| (in dollars)   | FY 2021     | FY 2022     | FY 2023     | FY 2024     | FY 2025     |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Revenues       | \$0         | \$0         | \$0         | \$0         | \$0         |
| GF Expenditure | 215,500     | 167,000     | 170,900     | 143,700     | 137,700     |
| Net Effect     | (\$215,500) | (\$167,000) | (\$170,900) | (\$143,700) | (\$137,700) |

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Local expenditures may increase to comply with the bill’s reporting requirements and for waste disposal services. Local revenues are not affected. **The bill may impose a mandate on a unit of local government.**

**Small Business Effect:** Meaningful.

## Analysis

**Bill Summary:** Beginning January 1, 2021, a waste hauler must submit a semiannual report to MDE on waste collected or hauled during the reporting period. The report must be submitted (1) by August 1 of that year for the January 1 through June 30 reporting period and (2) by February 1 of the immediately following calendar year for the July 1 through December 31 reporting period.

The report must include (1) the waste hauler's name and contact information; (2) the actual tonnage of waste collected or hauled disaggregated by the type of waste and type of generator; (3) the name and location of each facility and disposal site to which waste was delivered during the reporting period, including the amount and type of waste delivered to each facility and disposal site; and (4) a signed acknowledgement by the waste hauler that the information in the report is correct, to the best of the waste hauler's information, knowledge, and belief. A waste hauler must maintain a copy of each report for at least five years.

MDE may request supporting documentation for a report, and a waste hauler must (1) provide the information within 30 days of the request or (2) if MDE agrees, allow MDE to enter the site where any supporting documentation is stored and examine the supporting documentation.

Within 30 days of each reporting deadline, MDE must make any necessary forms available on its website. Unless otherwise required by federal or State law, MDE must keep all reporting information relating to the identity of a waste hauler confidential. This confidentiality requirement does not limit MDE's ability to use the information to prepare a summary of waste hauling statistics in the State.

MDE must enforce the bill and adopt implementing regulations. MDE may impose a penalty of up to \$250 on a waste hauler who violates the bill's provisions. Before imposing a penalty, MDE must issue a written notice of violation and give the waste hauler three months to correct the violation.

A "waste hauler" is a person who is contracted to (1) collect or haul waste from a generator and (2) transport waste for composting, disposal, or recycling at a facility or disposal site that is separate from the generator, as specified.

**Current Law:** Maryland's recycling policy is guided by the Maryland Recycling Act, which sets mandatory recycling rates for State government and local jurisdictions, as well as a voluntary statewide waste diversion goal of 60% and a voluntary statewide recycling goal of 55% by 2020. Each county (including Baltimore City) must prepare a recycling plan that addresses how the jurisdiction will achieve its mandatory recycling rate. The plan

must be submitted to MDE's Office of Recycling for approval when the jurisdiction submits its water and sewerage plan at least every 10 years. At least every 2 years, each county must also submit a progress report to MDE, which must include any revision of or amendment to the county plan that has been adopted.

The county recycling plan must address a variety of topics, including methods to reduce the solid waste stream; the feasibility of source separation of the solid waste stream generated within the county; and the strategy for the collection, processing, marketing, and disposition of recyclable materials.

Businesses may voluntarily report their recycling activities to counties through the "Annual Business Recycling Reporting Survey" form. Counties incorporate this data when reporting their recycling tonnages to MDE, as required under current law, and this data ultimately counts toward their mandatory recycling rates.

According to MDE, special medical waste, scrap tire, class B sewage sludge, and animal waste haulers are all required to report to MDE at least annually, or upon MDE's request. However, there is no broad statewide requirement for all waste haulers to report hauling tonnage information. Montgomery County requires waste haulers to submit semiannual solid waste tonnage reports to the Montgomery County Department of Environmental Protection. The bill is based on Montgomery County's regulation.

### **State Expenditures:**

#### *Maryland Department of the Environment – Administrative Costs*

General fund administrative expenditures for MDE increase by \$215,509 in fiscal 2021, which assumes MDE must hire staff beginning July 1, 2020, in order to develop regulations and forms and make website changes in time for the first reporting deadline. This estimate reflects the cost of hiring two permanent employees (one environmental compliance specialist and one natural resources planner) and one contractual natural resources planner to (1) develop regulations; (2) conduct research and outreach to identify affected waste haulers; (3) post reporting forms online and make any necessary website changes; (4) manage incoming semiannual reports; and (5) conduct compliance and enforcement activities. It includes salaries, fringe benefits, one-time start-up costs (including the purchase of a vehicle), and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- at least 200 waste haulers throughout the State are affected; and
- MDE must conduct significant outreach to identify affected entities, particularly in the first few years of implementation.

|  |                  |
|--|------------------|
| Permanent Positions                          | 2                |
| Contractual Position                         | 1                |
| Salaries and Fringe Benefits                 | \$169,068        |
| Vehicle Purchase                             | 27,000           |
| Other Operating Expenses                     | <u>19,441</u>    |
| <b>Total FY 2021 MDE Admin. Expenditures</b> | <b>\$215,509</b> |

Future year administrative expenditures reflect salaries with annual increases and employee turnover, ongoing operating expenses, and termination of the contractual employee in fiscal 2024 once the bulk of the outreach is conducted, and presumably, waste haulers are beginning to come into compliance with the bill’s requirements.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

*Potential Increase in Waste Disposal Costs for State Agencies*

State expenditures (all/multiple fund types) may increase, likely minimally, for waste disposal services to the extent that waste haulers pass on any increases in costs to their customers.

**Local Expenditures:** Assuming local governments that conduct waste hauling services are included in the bill’s definition of “waste hauler,” local expenditures may increase, at least initially, to purchase equipment or tracking systems to collect the data needed to submit the required reports. Additionally, costs for any local government that contracts for waste hauling services may increase, likely minimally, to the extent that waste haulers pass on any increases in costs to their customers.

Presumably, there is no fiscal impact in Montgomery County because the county already requires waste haulers to report the information that is required under the bill.

**Small Business Effect:** Costs may increase, at least initially, for small business waste haulers to purchase equipment or tracking systems to collect the data needed to submit the required reports. It is assumed that waste haulers will pass on any increases in costs to their customers. As a result, small businesses that generate waste likely incur additional costs for waste disposal services.

## **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Frederick and Montgomery counties; Maryland Association of Counties; Northeast Maryland Waste Disposal Authority; City of Havre de Grace; Maryland Municipal League; Maryland Department of the Environment; Department of Legislative Services

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