

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 222

(Senator Augustine, *et al.*)

Education, Energy, and the Environment

Environment and Transportation and
 Economic Matters

**Environment - Statewide Recycling Needs Assessment and Producer
 Responsibility for Packaging Materials**

This bill requires the Office of Recycling in the Maryland Department of the Environment (MDE) to hire an independent consultant to conduct a statewide recycling needs assessment. The Office of Recycling must report the results of the assessment to the Governor and the General Assembly by July 30, 2024. By October 1, 2023, MDE must approve a single producer responsibility organization to represent the interests of producers under the bill. The bill also establishes the Producer Responsibility Advisory Council to provide advice and make recommendations regarding establishing and implementing a producer responsibility program in the State for packaging materials. The advisory council must report its findings and recommendations to the Governor and specified committees of the General Assembly by December 1, 2024. The bill also establishes related definitions and alters the definition of “organics recycling” as that term relates to the Office of Recycling and related statutory provisions. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: General fund expenditures increase by \$532,100 in FY 2024 and by \$12,100 in FY 2025. State revenues are not affected.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	532,100	12,100	0	0	0
Net Effect	(\$532,100)	(\$12,100)	\$0	\$0	\$0

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

Local Effect: It is assumed that any affected local governments can consult with the independent consultant with existing resources. Local revenues are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Office of Recycling Statewide Recycling Needs Assessment

MDE's Office of Recycling must hire an independent consultant to conduct a statewide recycling needs assessment. In conducting the assessment, the independent consultant must consult with the advisory council, appropriate local government entities, and regional solid waste organizations and producers in the State.

The assessment must include (1) an analysis of the State's current solid waste and recycling streams, as specified; (2) an evaluation of the current infrastructure and capacity related to, need for, and associated costs of specified items and related processes; (3) an evaluation of comingled recycling processing facility worker conditions, wages, and benefits; (4) an evaluation of opportunities in the recycling system for women and minority individuals; (5) an evaluation of local government requirements related to multifamily and commercial recycling services and their implementation; (6) the sufficiency of recycling education programs relative to desired equity outcomes; (7) an evaluation of the economic opportunities in the State's recycling system, as specified; (8) recommendations for improving equity and equitable outcomes for underserved populations in the State's recycling system; (9) an analysis of the costs and benefits of implementing an extended responsibility program, as specified; (10) an analysis of the potential environmental impact of an extended producer responsibility program, as specified; and (11) recommendations on the best practices to follow from successful extended producer responsibility programs in other states and countries.

Producer Responsibility Advisory Council

MDE must provide staff for the advisory council. The Secretary of the Environment must appoint advisory council members; in doing so, the Secretary must, to the extent practicable, ensure that the membership of the advisory council represents all geographic regions of the State, large and small counties and municipalities, and the variability in how waste and recyclable and compostable materials are collected and processed in the State. Advisory council members may not receive compensation but are entitled to reimbursement for expenses.

The advisory council, which meets at the request of the Secretary, must evaluate and make recommendations, including legislative recommendations, on how to effectively establish and implement a producer responsibility program in the State for packaging materials. In making recommendations, the advisory council must include recommendations regarding the responsibilities of producers under a producer responsibility program.

Related Definitions

The bill alters the definition of “organics recycling” under Subtitle 17 of Title 9 of the Environment Article, which establishes the Office of Recycling and related statutory provisions governing recyclable materials, recycling facilities, and composting. The definition is expanded to mean any process in which organic materials *or compostable packaging materials* are collected, separated, or processed and returned to the marketplace in the form of raw materials or products. The bill also establishes definitions for “packaging materials,” “producer,” and “producer responsibility organization.”

Current Law: The solid waste infrastructure in Maryland consists of both permitted and nonpermitted facilities, and solid waste is managed through a combination of recycling, composting, landfilling, energy recovery, and exporting for disposal or recycling. There are several examples of regional waste management partnerships in the State.

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 recycle at least 20% or 35% of the county’s solid waste stream, depending on the county’s population. Each county (including Baltimore City) must also 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.

MDE’s Office of Recycling submits annual reports, in coordination with the Maryland Environmental Service, to the Governor and the General Assembly on specified information related to recycling in Maryland. Beginning in 2009, MDE has combined the *Maryland Waste Diversion Activities Report* and the *Solid Waste Managed in Maryland Report* into one report, the *Maryland Solid Waste Management and Diversion Report*.

State Expenditures: General fund expenditures for MDE increase by \$532,064 in fiscal 2024, which accounts for the bill’s July 1, 2023 effective date, and by \$12,078 in fiscal 2025. This estimate reflects the cost of hiring one part-time contractual natural resources planner to (1) approve a single producer responsibility organization to represent the interests of producers; (2) staff the advisory council and conduct related duties; and (3) identify an independent consultant to conduct the statewide recycling needs assessment and write the required report. It includes a salary, fringe benefits, and ongoing operating expenses. In fiscal 2024 only, the estimate also includes one-time start-up costs and one-time costs to hire the independent consultant.

	<u>FY 2024</u>	<u>FY 2025</u>
Contractual Position (New)	0.5	-
Salary and Fringe Benefits	\$24,920	\$11,810
Consultant Costs	500,000	0
Operating Expenses	<u>7,144</u>	<u>268</u>
Total State Expenditures	\$532,064	\$12,078

The fiscal 2025 estimate reflects termination of the contractual employee on December 31, 2024, (after the advisory council’s report is due). Although the advisory council does not terminate, it is assumed that after the required report has been completed, any ongoing work of the advisory council can be handled with existing resources.

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.

Additional Information

Prior Introductions: Similar legislation has been introduced within the last three years. See HB 307 and SB 292 of 2022.

Designated Cross File: HB 284 (Delegate Love, *et al.*) - Environment and Transportation and Economic Matters.

Information Source(s): Maryland Environmental Service; Frederick and Somerset counties; Northeast Maryland Waste Disposal Authority; cities of Frederick and Havre de Grace; Maryland Department of the Environment; Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - February 8, 2023
 km/lgc Third Reader - March 27, 2023
 Revised - Amendment(s) - March 27, 2023
 Revised - Updated Information - March 27, 2023
 Enrolled - May 3, 2023
 Revised - Amendment(s) - May 3, 2023

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