



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**HB1105**

Income Tax – Credit for Residential Composting and Pickup Services

Statement in SUPPORT

Chair Kaiser, Vice Chair Washington and members of the House Ways and Means Committee, thank you for the opportunity to testify in support of HB1105 which will provide a \$200 residential tax credit to incentivize residential composting in Maryland.

Composting is a practice of diverting certain organic yard waste and food residuals that can be safely decomposed either in an individual's yard or in a composting facility like the premier facility in Prince George's county. Food waste is the largest component of waste in municipal landfills.<sup>1</sup> Per the U.N. Food and Agriculture Organization, 30 percent of food is wasted globally across the supply chain, contributing 8 percent of total global greenhouse gas emissions. Per a 2018 Washington Post article, "if food waste were a country, it would come in third after the United States and China in terms of impact on global warming."<sup>2</sup> A recent study showed that if composting were implemented worldwide, it could reduce emissions by 2.3 billion tons over the next 30 years. By incentivizing composting, we can significantly reduce methane gas production, which is at least 28 times more potent than carbon dioxide.<sup>3</sup> This compost can then be used as a fertilizer on cropland, which improves soil health.

HB1105 would offer the lesser of the cost of compost equipment or pickup services, or \$200. In researching the level of credit to offer, I researched the cost of composting equipment for home-composting, as well as the cost of compost pick-up services and deduced that up to \$200 would cover 50-100% of the costs, which would significantly incentivize residential composting.

Other states and localities have begun to examine ways to incentivize this practice as well. Kentucky offers 50% of installation costs for composting/recycling equipment,<sup>4</sup> and a number of other states offer incentives for businesses and farms that use sustainable practices surrounding food waste.<sup>5</sup> Middlebury College in VT implemented a composting program in 2011 and saved \$100,000, \$270 per ton of waste.<sup>6</sup>

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<sup>1</sup>Schultz, J. (2017). Fighting food waste. Retrieved from <https://www.ncsl.org/research/agriculture-and-rural-development/fighting-food-waste.aspx>

<sup>2</sup>Frischmann, C. (2018). The climate impact of the food in the back of your fridge. Retrieved from <https://www.washingtonpost.com/news/theworldpost/wp/2018/07/31/food-waste/>

<sup>3</sup>Food composting. Retrieved from <https://www.drawdown.org/solutions/food/composting/>

<sup>4</sup>Recycling or composting equipment tax credit. Retrieved from <https://revenue.ky.gov/Business/Pages/Recycling-Composting-Tax-Credit.aspx>

<sup>5</sup>Frandsen, J. (2017). More than a third of food is wasted: Will tax breaks, new labels and 'ugly' produce help? Retrieved from <https://www.usatoday.com/story/money/2017/07/02/food-waste-could-tax-breaks-new-labels-and-ugly-produce-fix-it/444032001/>

<sup>6</sup>Roknich, E. (2018). Scraps to savings: Composting in communities. Retrieved from <http://efc.web.unc.edu/2018/01/31/scraps-to-savings-composting-in-communities/>

Local jurisdictions save significantly by incentivizing composting. Per Montgomery County's DEP director, it costs \$47/ton to Montgomery County to dispose garbage in a landfill vs \$35/ton for recycling vs break even OR \$5-10 generated for composting.

Respectfully, I request a favorable report on HB1105.