

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 1283 (Delegate Perry, *et al.*)  
Environmental Matters

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Rubble Landfills

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This bill prohibits the Maryland Department of the Environment (MDE) from issuing a permit to install, materially alter, or materially extend a rubble landfill without requiring a liner and leachate collection system. Upon request of MDE or the local approving authority, a permit holder for a rubble landfill must have on-site a qualified environmental inspector.

The bill establishes a Rubble Landfill Remediation Trust Fund to pay the costs for environmental remediation of contamination in excess of permitted levels at a previously operating rubble landfill. Rubble landfill owners (not including the State, a county, or municipality) must pay an annual fee of up to \$5,000 per site to be paid into the fund.

The bill is effective July 1, 1997.

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Fiscal Summary

**State Effect:** Special fund revenues and expenditures could increase by \$50,000 annually, assuming that the full amount of revenues received are disbursed each year as grants. General fund expenditures could increase by up to \$14,600 in FY 1998 given a 90-day start-up delay and one-time start-up costs; out-year expenditures reflect annualization and inflation. General fund revenues would not be affected.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$0	\$0	\$0	\$0	\$0
SF Revenues	50,000	50,000	50,000	50,000	50,000
GF Expenditures	14,600	15,800	16,100	16,500	16,800
SF Expenditures	50,000	50,000	50,000	50,000	50,000
Net Effect	(\$14,600)	(\$15,800)	(\$16,100)	(\$16,500)	(\$16,800)

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

**Local Effect:** Significant increase in local expenditures; indeterminate effect on revenues.

**This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Meaningful impact on small businesses as discussed below.

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## **Fiscal Analysis**

**Bill Summary:** Before a rubble landfill accepts a load of incoming waste for disposal, an environmental inspector must ensure that: (1) only permitted materials are included; (2) recyclable waste is segregated to maximize the recapture rate for recyclables; and (3) loads containing nonpermitted materials are rejected or are segregated so as to transfer the nonpermitted materials off-site. The environmental inspector must submit an annual report to MDE or the local approving authority characterizing the waste received.

MDE may award a grant from the Rubble Landfill Remediation Trust Fund, with approval of the Board of Public Works (BPW), to a rubble landfill owner to cover the costs of remediation and site assessment after the completion of remediation to determine eligibility of insurance. MDE must develop regulations to establish application procedures and criteria for awarding grants. The aggregate amount of grants awarded to a single applicant may not exceed \$100,000 per year, unless MDE determines that extraordinary circumstances exist. An eligible applicant for a grant must be in substantial compliance with all State and federal laws and regulations.

By September 1, 1997, a permit holder of a rubble landfill must submit a recycling plan to MDE and the local approving authority. A permit holder must separate and recycle all recyclable materials to the extent legally allowed and economically feasible. By September 1 of each year, the permit holder must submit an annual report on the amount of recycling performed at the landfill.

**Background:** MDE has submitted regulations that would require the installation of an impermeable liner system with a leachate collection and removal system at all rubble landfills. Under the proposed regulations, all new facilities or expansion to new cells at existing rubble facilities will be required to meet the proposed standards by July 1, 1997 while existing facilities will be required to upgrade by July 1, 2001.

**State Effect:** State special fund revenues will increase due to the \$5,000 fee charged to all privately owned rubble landfills. There are currently ten such facilities in the State, resulting in total annual revenues of up to \$50,000. It is assumed that federally owned landfills would also be exempt from the provisions of this section. These funds will be used for grant awards to landfills to pay costs for environmental remediation. The number and amount of such grant awards cannot be determined at this time, but would be limited by the amount of revenues in the fund. Therefore, up to \$50,000 in grants could be made each year assuming

that the full amount is disbursed.

MDE reports that general fund expenditures would increase due to the need for two additional personnel to fulfill the bill's requirements. One technical person would be needed to develop regulations and evaluate grant proposals, draft the technical part of grant agreements, review recycling plans, and verify completion of projects in accordance with grant conditions. One financial person would be needed to establish and maintain a system for tracking payments, and draft the fiscal component of the grant agreements.

The Department of Fiscal Services advises that since there are only ten privately owned landfills in the State, and the total fund amount received each year is \$50,000, two additional personnel would not be necessary to administer the program. At most, one part-time contractual would be needed to handle the technical aspects of the program if MDE could not handle these responsibilities with existing personnel. Since the program is a grant program rather than a loan program, the fiscal responsibilities are assumed to be minimal.

General fund expenditures could increase by an estimated \$13,900 in fiscal 1998, which reflects a 90-day start-up delay. This estimate reflects the cost of hiring one part-time contractual Environmental Specialist III to administer grant program activities and review recycling plans. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salary and Fringe Benefits	\$10,400
Operating Expenses	<u>4,200</u>
<b>Total FY 1998 State Expenditures</b>	<b>\$14,600</b>

Future year expenditures reflect 2% annual increases in ongoing operating expenses.

**Local Effect:** Local expenditures would increase significantly due to the bill's requirement for liners and leachate collection systems. If local governments operate such landfills they will have to pay for these systems; if private companies operate the landfills they could pass on some of the costs to the local governments through increased tipping fees. Local revenues could increase to the extent that local jurisdictions pass on these increased costs to rate holders; if the landfill is operated by the jurisdiction, increased costs could be offset through tipping fees.

There are five county owned, municipal solid waste landfills which operate unlined rubble cells. There is one additional county owned rubble landfill that would be affected by the bill. As discussed below under Small Business Effect, total costs for all affected facilities would be \$1 million in the first year.

Under the bill, local governments that operate landfills must also have an environmental inspector to inspect incoming waste loads. This inspector must submit an annual report to MDE or the local approving authority. The landfill must have a recycling plan and submit a report on these activities. Local government expenditures would increase by an indeterminate amount due to these requirements. For illustrative purposes, an Environmental Enforcement Inspector would receive a State salary and benefits of up to \$41,400.

Local governments that approve privately operating landfills may have to review reports on the waste received at those landfills as well as recycling plans and reports. Should the local approving authority require that the landfill install a qualified environmental inspector on-site, the authority would have to review the qualifications of any selected inspector.

**Small Business Effect:** MDE advises that a total of 16 existing nonfederal landfill facilities could be affected by the legislation; of the ten privately owned facilities, it is estimated that six may be considered small businesses. One of these facilities is not yet operational due to pending litigation, but does have a valid permit and existing capacity. Overall, 2 million tons of construction and demolition waste is disposed on an annual basis in Maryland at permitted sanitary landfills. Historically, approximately 10% (200,000 tons) is disposed of in publicly owned landfills and 90% (1.8 million tons) is disposed in privately owned landfills. It is estimated that 52 acres of new landfill capacity will be required on an annual basis.

The following cost estimate is an example based on all of the existing landfill facilities installing liner and leachate collection systems. It should also be noted that this is based on the technical requirements included in MDE regulations, which are different from those in the legislation. The liner requirement is thicker under this legislation, which could increase the costs over what is described below by an indeterminate amount.

Development costs associated with liner and leachate collections systems is estimated to be \$150,000 per acre. The total estimated annual capital cost (excluding financing) is \$0.8 million for public landfills and \$7 million for privately owned landfills. It is not known at this time how these costs would be allocated amongst the various facilities, and what percentage would be borne by small businesses.

It is estimated that one acre of a lined landfill cell will produce an average 270,000 gallons of leachate per year for the time that the landfill cell remains open. Transportation and off-site disposal costs can range from \$.05 and \$.30 per gallon. Using \$.15 per gallon, the total estimated annual cost for leachate management is approximately \$2.1 million; \$0.2 million for publicly owned facilities and \$1.9 million to privately owned facilities. This amount would increase over time as more cells with protective systems are developed and leachate management is practiced in existing cells. It is not known at this time how these costs would

be allocated amongst the various facilities, and what percentage would be borne by small businesses.

If all of the additional costs are passed along through tipping fees, the tipping fees in the first year could increase by approximately \$4.75 per ton at publicly owned facilities and by \$5.00 per ton at privately owned landfills. This amount would increase over time as more cells with protective systems are developed and leachate management is practiced in existing cells. This increase would impact home builders, home improvement contractors, demolition contractors, roofers, or any other business that would generate rubble or construction waste. In addition, haulers of such materials could be impacted. According to the Maryland Builders Association, a typical builder pays \$511 per house for construction waste disposal.

Engineers and contracting firms that design and construct new landfill capacity would benefit from a requirement for liner and leachate collection systems. Due to the special design and construction techniques necessary for landfill construction, MDE advises that the number of engineering and contracting firms qualified to accomplish these tasks are limited to about 20 in the State. It is not known how many of these are small businesses.

Furthermore, it is possible that the required protective systems would save the cost of future remediation of rubble landfill sites. Actual capital costs for ground water remediation at former landfill sites average approximately \$15,000 per acre and have operational costs of \$1,000 per acre. A typical "pump and treat" ground water remediation project can last approximately 7 to 12 years.

Small business rubble landfills would also have to inspect waste coming in for disposal, submit a report on disposed waste, submit a recycling plan, and submit a yearly report on recycling operations. The additional costs for such activities would depend upon the current staffing and policies of the landfill. However, for illustrative purposes, an Environmental Enforcement Inspector would receive State salary and benefits of up to \$41,400. Depending upon the level of recycling activities initiated, costs for recycling activities as laid out in the plan could increase by an indeterminate amount.

Under the bill, privately owned landfills have to pay an annual fee of \$5,000 to the Rubble Landfill Remediation Trust Fund. These landfills can apply for up to \$100,000 in remediation and site assessment grant awards so long as they are in substantial compliance with State and federal law and regulations. Landfills could benefit under these provisions to the extent that they have environmental contamination needing to be remediated but are in compliance. As noted above, actual capital costs for ground water remediation at former landfill sites average approximately \$15,000 per acre and have operational costs of \$1,000 per acre.

**Information Source(s):** Maryland Department of the Environment, Garrett and Dorchester counties, Department of Fiscal Services

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