

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 911 (Delegates Morhaim and Hubbard)
 Environmental Matters

Solid Waste Disposal - Cathode Ray Tubes - Computer Monitors and Television Screens

This bill establishes provisions relating to the disposal and recycling of cathode ray tubes from computer monitors and television screens.

Fiscal Summary

State Effect: General fund expenditure increase of \$40,100 in FY 2004 to implement a disposal and recycling program within the Maryland Department of the Environment (MDE) and conduct outreach activities. Future year estimates are annualized, adjusted for inflation, and reflect ongoing operating costs. Potential increase in general fund revenues beginning in FY 2005 from penalties.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
GF Revenue	\$0	-	-	-	-
GF Expenditure	40,100	51,900	54,900	58,200	61,800
Net Effect	(\$40,100)	(\$51,900)	(\$54,900)	(\$58,200)	(\$61,800)

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

Local Effect: Potential significant increase in local expenditures for solid waste programs. **The bill imposes a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill prohibits a person, on or after December 31, 2004, from disposing of a cathode ray tube from a computer monitor or television screen in a sanitary

landfill, solid waste transfer station, or incinerator, or at any other location not designated for the management or recycling of cathode ray tubes by MDE. After that date, any such facility may not accept any cathode ray tube for disposal, transfer for disposal, or incineration.

The bill also requires MDE's Office of Recycling to study, in consultation with representatives of the appropriate industry, local governments, the U.S. Environmental Protection Agency (EPA), and states in the region, feasible methods for the management and recycling of used cathode ray tubes. The office must develop a method for the management and recycling of used cathode ray tubes by December 31, 2004. MDE may adopt regulations to implement the bill. Any such regulations must be consistent with EPA guidelines and with methods developed by the office.

A person who violates the prohibitions established by the bill is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$1,000 for each violation.

Current Law/Background: Solid waste acceptance facilities are permitted by MDE. While there is no mandated State program for the management of end-of-life electronic equipment, MDE is currently participating in a regional pilot project (called "e-Cycling") with EPA, Virginia, West Virginia, Delaware, Pennsylvania, and the District of Columbia. The goal of the project is to develop information and data necessary to develop an infrastructure and a sustainable program for the proper management, recycling, and removal of cathode ray tubes and other electronic components and their associated hazardous materials from the waste stream.

According to MDE, the National Electronics Product Stewardship Initiative, which includes electronics manufacturers, governments, and nongovernment officials, seeks to establish a program that offers businesses and consumers recycling opportunities for used electronics. The cost for this type of system could be shared by industry, government, and the consumer and may include an advanced disposal fee built into the purchase price of new equipment.

Several states are seeking solutions to the end-of-life management issues posed by cathode ray tubes in electronics:

- Massachusetts enacted a waste ban by regulation in 1998, but the ban was not effective until April 2000. This allowed sufficient time to issue grants and loans to establish a collection and processing infrastructure. In fiscal 1998 and 1999, the state allocated almost \$750,000 to spur the development of collection and processing infrastructure. In fiscal 2000, the state provided over \$400,000 in grants.

- California implemented a waste ban by emergency regulation in 2001. Final regulations were effective February 2003. The California Integrated Waste Management Board provides grants of up to \$3 million annually to cities, counties, and local agencies for the management of household hazardous waste, including electronic waste.
- Minnesota has not implemented a ban, but requires manufacturers to assume a stewardship role for their products by offering a closed loop take-back program for used electronics. The state has teamed with Sony and Waste Management to implement this program over five years. The cost is borne by the private-sector partners. The state allocated \$25,000 for education and outreach efforts.
- Florida's strategy for the disposal of electronics is to expand the state's collection and processing infrastructure through grants. The legislature authorized the appropriation of \$400,000 in grants annually from fiscal 2001 through 2005.

At the federal level, EPA issued a proposed rule in June 2002 to streamline requirements for used cathode ray tubes and glass removed from cathode ray tubes sent for recycling. Legislation was introduced during the 107th Congress to require EPA to establish a grant and fee program in order to encourage the recycling of used computers and promote the development of a national infrastructure. The bill, HR 5158, was referred to the Subcommittee on Environment and Hazardous Materials of the House Committee on Energy and Commerce but no further action was taken.

State Expenditures: General fund expenditures could increase by \$40,100 in fiscal 2004, which accounts for the bill's October 1, 2003 effective date. This estimate reflects the cost of hiring one natural resource planner to initiate a program to study and develop a method for the management and recycling of used cathode ray tubes and to conduct public outreach and educational activities. It includes the salary, fringe benefits, one-time start-up costs, and ongoing operating expenses, including travel.

Salary and Fringe Benefits	\$34,500
Equipment and Operating Expenses	<u>5,600</u>
Total FY 2004 State Expenditures	\$40,100

Legislative Services advises that costs for public education and outreach activities could increase to the extent MDE's outreach and education program becomes more extensive than currently anticipated. Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

To the extent that the bill increases disposal costs or the purchase price of new electronics, the State, as a user of electronics, would likely incur increased expenditures beginning in fiscal 2005. Any such increase cannot be estimated at this time.

State Revenues: General fund revenues could increase under the bill's monetary penalty provision for those cases heard in the District Court.

Local Fiscal Effect: The bill imposes restrictions on what materials can and cannot be accepted at permitted solid waste acceptance facilities after December 31, 2004. Because county solid waste programs assume the costs when the separation of any component of the waste stream is mandated, the bill could have a significant impact on county expenditures for solid waste programs. The bill will essentially require counties to establish separate collection facilities to house used cathode ray tubes. In addition, costs to monitor the waste stream and to transport the cathode ray tubes to these new facilities could also increase. Because the number of facilities that would be needed is unknown, and because the actual amount of cathode ray tubes that are disposed of annually in the State is unknown, a precise estimate of any increase in local expenditures cannot be made at this time. However, the bill could result in significant costs:

- *Talbot County* estimates that costs could increase by \$265,000 in 2005, which includes disposal costs as well as costs to hire 1.5 employees, construct a storage facility, and purchase a vehicle. Annual costs thereafter are estimated at approximately \$119,000. Talbot County advises that it would establish disposal fees (approximately \$46 per unit) to offset those costs.
- *Harford County* advises that it would pass any costs onto the residents and businesses that are disposing of the cathode ray tubes.
- *The Northeast Maryland Waste Disposal Authority (a multi-county agency including Baltimore City and Anne Arundel, Baltimore, Carroll, Harford, Howard, and Montgomery counties)* advises that the cost to counties could be significant.

As noted by Harford and Talbot counties, local jurisdictions could presumably offset any costs incurred to the extent they increase disposal fees and/or establish recycling fees. Also, if the electronics manufacturing industry establishes some sort of "take back" program for consumers, costs to local jurisdictions could decrease. In addition, some counties (Montgomery, Prince George's, Howard, and Wicomico) already accept cathode ray tubes and electronic materials. Costs would likely be lower for these counties to the extent that they already have collection facilities and screening processes in place.

To the extent the bill increases disposal costs or the purchase price of new electronics, local jurisdictions, as users of electronics, would likely incur increased expenditures beginning in fiscal 2005. Any such increase cannot be estimated at this time.

If any local jurisdiction violates the bill's prohibitions, it would be subject to a fine of up to \$1,000 per violation.

Small Business Effect: Small businesses disposing of used cathode ray tubes could incur increased disposal costs once the bill's prohibition takes effect. The number of small businesses that will be affected is unknown. Given the abundance of surplus electronic equipment that exists, however, Legislative Services advises that the impact could be significant. The increase in expenditures will depend largely on the extent to which product manufacturers establish any take-back or recycling programs and the extent to which any disposal or recycling fees are assessed. If any electronics manufacturers are small businesses, they could incur increased costs related to developing and implementing methods for the management and recycling of used cathode ray tubes. Likewise, to the extent that the bill results in an increase in the demand for small businesses involved in the demanufacturing or recycling of electronics, revenues could increase for those entities. Costs may ultimately be borne by purchasers of electronics equipment if manufacturers pass on the costs in the purchase price of new equipment. If a small business fails to comply with the bill's prohibitions and requirements, it would be subject to a fine of up to \$1,000 per violation.

Additional Information

Prior Introductions: Identical legislation was introduced as HB 111 in 2001. The bill received an unfavorable report by the House Environmental Matters Committee.

Cross File: None.

Information Source(s): Maryland Department of the Environment, Harford County, Talbot County, Northeast Maryland Waste Disposal Authority, California Department of Toxic Substance Control, U.S. Environmental Protection Agency, Department of Legislative Services

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