

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1238

(Delegate Arnick)

Environmental Matters

Education, Health, and Environmental Affairs

Environment - Newspapers - Recycled Content Percentage Requirement

This bill provides that the recycled content percentage requirement for newsprint in newspapers distributed in the State applies to the “reporting period” rather than the calendar year. Beginning in 2006, “reporting period” means the calendar year and the immediately preceding two calendar years. The bill makes corresponding changes to various provisions, including the provisions regarding the calculation of the newsprint recycling incentive fee.

Fiscal Summary

State Effect: Potential minimal decrease in special fund revenues from newsprint recycling incentive fees that otherwise might be assessed. Expenditures would not be directly affected.

Local Effect: The bill would not materially affect local government operations or finances.

Small Business Effect: Meaningful.

Analysis

Current Law: The recycled content percentage requirement, by weight, is 40% for each calendar year of the total newsprint used by the publisher during that calendar year for newspapers. In the year following a determination by the Maryland Department of the Environment (MDE) that the percentage requirement has not been met on a statewide basis, each newspaper must satisfy the requirement or pay a newsprint recycling

incentive fee for that calendar year. The fee for any calendar year is \$10 for each ton of a publisher's recycled content deficiency for the year. A deficiency is the difference between the product of multiplying the total tons of newsprint used by the publisher for the year times the required percentage for that year and the actual tonnage of recycled material contained in the newsprint used by the publisher for the year. Revenues from the newsprint recycling incentive fee are deposited in the State Recycling Trust Fund.

Background: The Recycling and Operations Program within MDE's Waste Management Administration currently collects quarterly and annual reports from approximately 55 newspaper publishers who distribute a total of approximately 165 newspapers in Maryland. The program compiles the data annually to determine the statewide recycled content percentage for the newsprint industry. Preliminary data for calendar 2005 indicate that the statewide recycled content percentage for the newspaper publisher industry is approximately 44%. The 2004 percentage was approximately 43% based on data received. MDE advises that the newsprint recycled content percentage used by these publishers ranges from 0% to 100%, depending on the publisher and the newspaper. To date, no recycled content incentive fees have been charged because the industry has met the minimum required percentages.

According to the Maryland-Delaware-District of Columbia Press Association, given collection and manufacturing realities, newspapers cannot be sure that in any given year they will be able to meet the 40% requirement, as it is challenging to meet. The association advises that the supply of old newspapers used to manufacture recycled newsprint is limited; many old newspapers that are collected are not used to manufacture recycled newsprint. Further, the association advises that there may be short-term problems in the supply of recycled newsprint that are not within a newspaper's control. According to the association, this bill would provide the flexibility that is needed to allow for fluctuations in the old newspaper and recycled newsprint markets and for short-term newspaper production problems.

According to the association, in 2004, the recycled content of newsprint nationwide was 35%, and the Northeast Recycling Conference (comprising the state environment departments of several northeastern states) has agreed with newspaper publishers to a 27% recycled content requirement.

State Revenues: By changing the methods used to calculate the newsprint recycling incentive fee from an annual basis to a three-year basis, it is possible that the bill could result in a decrease in incentive fees paid to MDE than otherwise would occur in the absence of the bill. Under current law, if the newsprint industry fails to meet the required percentage in a calendar year, each newspaper must meet the required percentage the following year or pay the incentive fee based on the publisher's deficiency. Under the

bill, the incentive fee would be based on the reporting period (the calendar year and the immediately preceding two calendar years); if the publisher has one or two years that exceed the required percentage, those years could balance out a year in which the percentage is not met.

Because future noncompliance cannot be predicted, any decrease in incentive fee revenues cannot be reliably estimated at this time. However, it is not anticipated that the collection of incentive fees in the absence of the bill would be significant.

Small Business Effect: According to data from the U.S. Census Bureau, in 2003 there were 100 newspaper publishers in Maryland; 82 of these establishments employed fewer than 50 employees. The bill's changes could benefit newspaper publishers by providing them with additional flexibility in meeting the 40% recycled content requirement, as discussed above.

Additional Information

Prior Introductions: None.

Cross File: SB 346 (Senator Dyson) – Education, Health, and Environmental Affairs.

Information Source(s): Maryland Department of the Environment, Washington County, Montgomery County, Kent County, Worcester County, Maryland-Delaware-District of Columbia Press Association, *The Washington Post*, U.S. Census Bureau, Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2006
nas/ljm Revised - House Third Reader - March 27, 2006

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