

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 908 (Delegate Hecht, *et al.*)
 Environmental Matters

Environment - Plastic Bags - Report

This bill requires the Maryland Department of the Environment, by October 1, 2009, to study and report to the General Assembly on the feasibility of establishing a pilot program to mitigate the negative effects of the use and disposal of plastic bags in the State. The report must include recommendations to • educate the public about the negative environmental impacts of plastic bags; • reduce the use and availability of plastic bags in the State; and • encourage and implement increased recycling of plastic bags in the State.

Fiscal Summary

State Effect: General fund expenditure increase of \$36,100 in FY 2009 for a contractual employee to complete the required study and report. FY 2010 expenditures are adjusted for inflation and assume no costs would be incurred after the reporting deadline (October 1, 2009). No effect on revenues.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	36,100	11,700	0	0	0
Net Effect	(\$36,100)	(\$11,700)	\$0	\$0	\$0

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

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

Small Business Effect: None.

Analysis

Current Law: MDE promotes and encourages waste diversion across the State. Waste diversion combines both recycling and source reduction activities. The Maryland Recycling Act requires all counties and Baltimore City to recycle 15% or 20% of their waste generated depending on population. Additionally, in 2000, Maryland established a voluntary statewide waste diversion goal of 40% by 2005. The waste diversion goal is comprised of the recycling rate plus source reduction credits (maximum 5%) that Maryland counties and Baltimore City earn through activities designed to reduce the amount of waste going to the waste stream. State law does not specifically address the disposal or recycling of plastic bags.

Background: The use of plastic carryout bags has recently been the center of much media attention. Due to concerns about the environmental impacts of plastic bags, there has been an increasing interest in banning their use. Proponents of such bans argue that the production of plastic bags uses a significant amount of oil and that plastic bags clog waterways and harm wildlife. Proponents also argue that because plastic bags are recycled less than paper bags, they also consume valuable landfill space.

Opponents of such bans argue, however, that the manufacture of paper bags consumes more water and emits more greenhouse gases than the production of plastic bags and that the demand for paper bags consumes a significant number of trees. Further, opponents argue that paper bags cost more to make, are bulkier to transport (and therefore use more trucks and fuel), and use more energy to recycle.

Despite the controversy over the relative impacts of plastic versus paper bags, several jurisdictions around the world have already taken action on this issue. Bangladesh, France, Uganda, and several other countries have approved nationwide bans on the use of plastic bags. Germany, Ireland, Denmark, Sweden, and Switzerland, among others, have some sort of tax or levy on plastic bags in an effort to discourage their use. Still others, such as Holland and Canada, have focused on recycling efforts. Others are also considering the implementation of bans or taxes in order to reduce plastic bag consumption.

In March 2007, San Francisco became the first city in the United States to ban nonbiodegradable bags from large grocery stores and pharmacies. Similar legislation is being debated in several other U.S. cities. In fact, the City of Annapolis recently considered legislation to ban retailers from distributing plastic shopping bags in the city. Instead, retailers would have been required to offer bags made of recycled paper and to sell reusable bags. The measure was not enacted, however.

Some large chains, such as Whole Foods, have already announced plans to eliminate the use of plastic carryout bags.

Because of the concerns associated with both plastic and paper bags, reusable bags (such as canvas bags) are gaining popularity, despite their additional cost.

State Expenditures: General fund expenditures could increase by an estimated \$36,126 in fiscal 2009, which accounts for the bill's October 1, 2008 effective date. This estimate reflects the cost of hiring one contractual natural resources planner to conduct the required study and report. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Positions	1
Salary and Fringe Benefits	\$34,573
Operating Expenses	<u>1,553</u>
Total FY 2009 State Expenditures	\$36,126

Fiscal 2010 expenditures reflect: • a 4.4% increase in the salary and 6.8% employee turnover; and • a 2% increase in ongoing operating expenses. Because the report is due by October 1, 2009, it is assumed that no expenses would be incurred after that date.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of the Environment, City of Annapolis, Clean Up Australia, Whole Foods, reusablebags.com, *The Examiner*, *The New York Times*, Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2008
mam/jr

Analysis by: Lesley G. Cook

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

