

Department of Legislative Services
 Maryland General Assembly
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FISCAL AND POLICY NOTE
Revised

House Bill 595

(Delegates Olszewski and Cardin)

Environmental Matters

Education, Health, and Environmental Affairs

State Government - Recycling Program - Aluminum, Glass, Paper, and Plastic

This bill requires State agencies by July 1, 2010, to include in their required recycling plans a system for recycling aluminum, glass, paper, and plastic, including the placement of collection bins in locations determined to be practical and economically feasible. Each agency must begin implementation of this plan by January 1, 2012.

Fiscal Summary

State Effect: General fund expenditures may increase by about \$161,600 in FY 2010 only for the cost of recycling bins. Special fund expenditures increase by \$50,700 in FY 2010 and by more than \$64,700 annually thereafter for the Maryland Department of the Environment (MDE) to hire an additional position to implement the bill. State expenditures (all funds) may decrease due to lower costs associated with landfill disposal fees. General fund revenues may increase to the extent that the Department of General Services (DGS) is able to profit from the sale of recyclable materials.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
GF Revenue	-	-	-	-	-
GF Expenditure	\$161,600	\$0	\$0	\$0	\$0
SF Expenditure	\$50,700	\$64,700	\$67,800	\$71,000	\$74,400
GF/SF/FF Exp.	(-)	(-)	(-)	(-)	(-)
Net Effect	(\$212,400)	(\$64,700)	(\$67,800)	(\$71,000)	(\$74,400)

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

Local Effect: None.

Small Business Effect: Potential minimal beneficial impact to the extent that additional business is generated for small business recyclable material haulers, collectors, processors, and transfer stations.

Analysis

Current Law: Beginning January 1, 1992, each State agency was required to implement a recycling plan created in part by the Office of Recycling to reduce through recycling the amount of the solid waste stream generated for disposal by the State government by at least 20% or to an amount that is determined practical and economically feasible, but in no case less than 10%.

Background: In 1988, the Maryland Recycling Act required each county to submit a recycling plan. Jurisdictions with over 150,000 residents were required to reduce their solid waste by 20%, and jurisdictions with less than 150,000 residents were required to reduce their solid waste by 15%. Legislation enacted in 2000 established a voluntary statewide diversion goal of 40% by 2005. Counties have the flexibility to determine the best way to reach the required recycling rates.

The Container Recycling Institute (CRI) notes that nationwide recycling campaigns in the 1980s caused a surge in recycling rates which reached a peak of 54% in 1995. Recycling rates have steadily declined since 1995 and were at 34% by 2006. MDE reports that, in 2005, Maryland had a recycling rate of 39.2% and a waste diversion rate of 42.6%. The 39.2% recycling rate included the recycling of 104,652 tons of containers.

In addition to the issue of landfill diversion, recycling is encouraged due to the potential for significant reductions in virgin material extraction, energy use, and emissions of greenhouse gases. For example, according to CRI, recycling an aluminum soda can uses 75% less energy than the production of a new soda can. The recycling of a single can saves enough energy to run an average laptop computer for four hours.

Recycling rates have decreased since the summer of 2008 as global commodity values have fallen substantially, thereby reducing the incentive and profitability of substituting recycled scrap materials for virgin materials. For example, the *New York Times* reports that the value of tin fell by more than 98%, from \$397 to about \$5 in 2008. In addition, in a public filing with the U.S. Securities and Exchange Commission, Waste Management Incorporated noted that recycling market prices decreased year-on-year by about 60% in November 2008.

State Fiscal Effect: General fund expenditures for DGS increase by \$161,640 in fiscal 2010 to procure the recycling bins required by the bill. This estimate is based on the following information and assumptions:

- DGS advises that it provides service to 449 State buildings;
- the cost for each collection bin is \$60;

- each recycling station consists of three bins, of which one is for paper, one is for plastic, and one is for glass and aluminum; and
- there are, on average, two recycling stations per building, though some buildings may have only one station while others may have three or more.

This estimate may overstate actual costs to the extent that the inclusion of collection bins required by the bill are determined to be impractical or not economically feasible in a large number of locations.

Special fund expenditures increase by \$50,711 in fiscal 2010, which accounts for the bill's October 1, 2009 effective date. This estimate reflects the cost of hiring one natural resources planner in MDE to develop recycling plans and provide technical assistance to other State agencies. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. Costs rise to \$64,704 in fiscal 2011 and \$74,364 in fiscal 2014, which reflects a full salary with 4.4% annual increases, 3% employee turnover, and 1% annual increases in ongoing operating expenses. Currently, the MDE Recycling Division consists of two permanent technical staff and part-time oversight by one program manager. The fiscal 2008 ending fund balance for the Maryland Recycling Trust Fund was \$548,475 and the fiscal 2009 appropriation was \$810,000; this estimate assumes the additional personnel cost to implement the bill can be covered by the fund. Legislative Services advises that, to the extent that the additional position created at the MDE Recycling Division is insufficient to implement the requirements of the bill, additional personnel may be needed at either MDE or DGS.

MDE advises that in fiscal 2007 the State realized savings of over \$1.3 million from recycling activities by all State agencies. MDE estimates that, if each State agency achieved a 20% recycling rate, the State may realize an additional \$131,082 in savings due to lower costs associated with landfill disposal fees. It is assumed that any additional cost to enhance recycling within State agencies is minimal and more than offset by such savings. Although the value of recyclable materials is substantially depressed due to current economic conditions, if the market for recycled materials improves, the State may also generate significant additional revenue.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of the Environment, Department of General Services, Maryland Environmental Service, North East Maryland Waste Disposal Authority, Department of Legislative Services

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