

**Department of Legislative Services**  
 Maryland General Assembly  
 2010 Session

**FISCAL AND POLICY NOTE**

House Bill 944 (Delegate Niemann, *et al.*)  
 Environmental Matters

**Recycling - Bars and Restaurants - Beverage Containers**

This bill requires distributors of specified beverages delivering to bars or restaurants in counties with a population of more than 150,000 to establish, by January 1, 2012, a program for the collection and recycling of the beverage containers. The bill also requires bar and restaurant owners or managers in counties with a population of more than 150,000 to, beginning January 1, 2012, either participate in the distributor recycling program or otherwise arrange for the collection and recycling of beverage containers.

The bill takes effect October 1, 2010, contingent on the enactment of HB 982 of 2010, which repeals the State’s current population-based county recycling goals and establishes new, more stringent commodity-based recycling goals to be accomplished by all counties in part through required recycling at bars and restaurants.

**Fiscal Summary**

**State Effect:** General or special fund expenditures may increase by about \$202,600 in FY 2011, and by more than \$217,200 annually thereafter for the Maryland Department of the Environment (MDE) to provide financial assistance to affected distributors and to hire additional personnel to implement the bill.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues	\$0	\$0	\$0	\$0	\$0
GF/SF Exp.	202,600	217,200	220,300	223,600	227,000
Net Effect	(\$202,600)	(\$217,200)	(\$220,300)	(\$223,600)	(\$227,000)

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

**Local Effect:** Expenditures may increase minimally for counties with populations of more than 150,000, and for municipal corporations therein, to implement the bill’s reporting requirement, beginning in FY 2013.

**Small Business Effect:** Potential meaningful.

---

## Analysis

**Bill Summary:** The bill applies to airtight containers of one gallon or less, made of aluminum, glass, or a specified plastic material, and containing any carbonated or noncarbonated drink, including beer, wine, and mixed spirits. The bill also applies only to a bar or restaurant licensed to sell alcoholic beverages. Finally, the bill requires that, in applying the bill, a county's population be determined by the latest projections of the Maryland Department of Planning.

Regardless of whether a bar or restaurant owner chooses to participate in a program established by a distributor or to arrange for recycling on its own, it must separate and store beverage containers prior to their disposal. MDE is required to provide financial assistance to a distributor affected by the bill and may grant a waiver from any of the bill's requirements. MDE must adopt regulations to implement the bill.

Beginning January 1, 2013, a county or municipal corporation must submit an annual report to MDE on the annual tonnage of each material recycled under the bill.

**Current Law:** In 1988, the Maryland Recycling Act required each county to submit a recycling plan. Jurisdictions with more than 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%. According to MDE, by 2000, every county had met or exceeded their percentage requirements under the Maryland Recycling Act. Further legislation enacted in 2000 established a voluntary statewide diversion goal of 40% by 2005.

Counties have flexibility to determine the best way to reach the required recycling rates. However, the county recycling plan, revised on a triennial basis, must address specified issues such as the feasibility of composting mixed solid waste, methods for the separate collection and composting of yard waste, and methods of financing county recycling efforts, among other issues. Chapters 264 and 265 of 2009 added to this list a strategy for collecting, processing, marketing, and disposing of recyclable materials from county public schools. Chapter 408 of 2009 requires the State to place a recycling bin at all State-owned and -operated office buildings and devise a system for the recycling of aluminum, glass, paper, and plastic.

**Background:** According to the U.S. Environmental Protection Agency (EPA), in 2008 (the most recent year for which data is available) 54.2% of the municipal solid waste

stream was discarded in landfills, 24.3% was recycled, 12.6% was recovered as energy through combustion, and 8.9% was composted. MDE reports that, in 2008, Maryland had a recycling rate of 43.9% and a waste diversion rate of 47.5%. According to the Container Recycling Institute, in 2006 about 34.7% of aluminum cans and plastic and glass bottles were recycled.

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 EPA, nationwide recycling and composting activities in 2008 prevented the equivalent of 182 million tons of carbon dioxide emissions; this is the same level of emissions produced by 33 million cars.

**State Expenditures:** Special or general fund expenditures may increase by about \$202,572 in fiscal 2011, which accounts for the bill’s October 1, 2010 effective date. This estimate reflects the cost of hiring one natural resources planner within MDE’s Recycling Program to develop regulations, review annual reports, distribute financial assistance, and otherwise implement the bill. The estimate also accounts for an estimated \$150,000 in grants provided to distributors under the bill, which assumes that MDE provides a grant of \$1,000 and that there are 150 distributors affected by the bill. To the extent that the actual grant provided is greater or less than \$1,000, or that the actual number of distributors is other than 150, the total amount of grants may vary significantly from this estimate.

Currently, the Recycling Program is staffed by four full-time personnel and overseen by one supervisor. The fiscal 2009 ending balance for the Recycling Trust Fund was \$449,878, and it is unclear whether this fund can handle the additional expenditures to implement the bill. Thus, general fund expenditures may increase to the extent that sufficient Recycling Trust Fund money is not available.

	<u><b>FY 2011</b></u>	<u><b>FY 2012</b></u>
Positions	1	
MDE Salary and Fringe Benefits	\$45,256	\$61,427
MDE Start-up Costs and Operating Expenses	7,316	5,785
Grant to Distributors	<u>150,000</u>	<u>150,000</u>
<b>Total State Expenditures</b>	<b>\$202,572</b>	<b>\$217,212</b>

Future year expenditures reflect a full salary with 4.4% annual increases, 3% employee turnover, and 1% annual increases in ongoing operating expenses.

**Local Expenditures:** According to MDE, the bill affects eight counties, Baltimore City, and 34 municipalities. MDE further advises that business recycling is generally not a part of local recycling programs and also that, because the bill does not require bars and restaurants to provide information to local governments in preparation of the annual report required by the bill, local government operations may be significantly affected and expenditures may increase. However, MDE also advises that the bill may result in an improvement in county recycling rates, which may assist counties in achieving the solid waste diversion rates required by law.

**Small Business Effect:** It is unknown how many bars and restaurants will be affected by the bill. However, MDE estimates that, based on the number of bars and restaurants with liquor licenses in Baltimore City and based on the total number of counties affected, there may be roughly 9,300 establishments affected by the bill, most of which are small businesses.

It is also unknown whether the impact of this legislation on bars and restaurants will be beneficial or adverse. While MDE advises that there may be an overall benefit to restaurants and bars as a result of reduced disposal costs and potential revenues from the recycled materials, Baltimore County advises that similar legislation implemented in another state generally resulted in higher costs for affected establishments. These increased costs were generally attributable to paying waste disposal haulers for additional visits as recyclable materials were collected separately from other waste. Thus, it is unknown whether the impact on small business bars and restaurants will be adverse or beneficial, but it is likely to be minimal. However, the impact on small business waste disposal haulers is potentially meaningful in the jurisdictions affected by the bill.

It is also unclear whether small business beverage distributors will be adversely affected by the bill. While costs may generally increase to implement the bill, these costs may be partially or fully offset by grants required to be made by MDE. Thus, the overall effect on distributors is dependent on the level of grant provided by MDE.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Baltimore, Garrett, and Howard counties; Maryland Department of the Environment; Department of Health and Mental Hygiene; Comptroller's Office; Northeast Maryland Waste Disposal Authority; Container

Recycling Institute; U.S. Environmental Protection Agency; Department of Legislative Services

**Fiscal Note History:** First Reader - March 2, 2010  
ncs/lgc

---

Analysis by: Evan M. Isaacson

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