

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

**FISCAL AND POLICY NOTE**

House Bill 678

(Frederick County Delegation)

Environmental Matters

Education, Health, and Environmental Affairs

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**Frederick County - Pay-As-You-Throw Pilot Program**

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This bill authorizes the Frederick County Commissioners to establish a Pay-As-You-Throw (PayT) Pilot Program. Under the program, a solid waste hauler charges a residential customer a fee for the curbside collection of solid waste based on the volume of waste collected. The pilot program may occur in a municipality if the governing body of the municipality approves it.

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**Fiscal Summary**

**State Effect:** The bill does not materially affect State operations or finances.

**Local Effect:** Frederick County anticipates an increase in county solid waste enterprise expenditures of an estimated \$401,500 in FY 2011 to establish and implement the pilot program. The county also reports that revenues from landfill tipping fees could decrease by an estimated \$150,000 depending on the structure of the contract the county enters into for waste collection under the pilot program. The extent to which any municipalities would choose to approve such a pilot program is unknown.

**Small Business Effect:** Minimal overall impact on small businesses due to the limited scope and duration of the pilot program.

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## Analysis

### **Current Law/Background:**

#### *Maryland Recycling Act*

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 the Maryland Department of the Environment (MDE), by 2000, every county had met or exceeded those requirements. 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. MDE reviews and approves county recycling plans.

#### *Solid Waste Management in Frederick County*

The Frederick County Department of Solid Waste Management is responsible for the operation of a landfill, waste processing, and transfer station; contract management of the county's residential curbside single-stream recycling program; operation of 12 residential recycling drop-off centers; operation of 2 yard waste recycling (composting) centers; coordination of 9 waste-oil recycling centers; management of the Frederick County Government Office Paper Recycling Program; and the provision of other allied countywide recycling services including biannual household hazardous waste drop-off events. In order to keep the county's landfill operational through 2045, almost all of Frederick County's waste is trucked out of state for disposal at other landfill sites.

Frederick County is a member of the Northeast Maryland Waste Disposal Authority; the authority's mission is to plan and develop waste management systems that meet the highest environmental standards while providing the most efficient and reliable waste disposal services possible. In 2009, Frederick County, along with Carroll County, entered into a memorandum of understanding with the authority for the development of a regional energy recovery (waste-to-energy) facility. Sixty percent of the facility's capacity will be provided to Frederick County. To ensure that the capacity is adequate to satisfy the county's long-term municipal solid waste disposal requirements, the county advises that it needs to reach a waste diversion rate of 60%.

Curbside recycling began in Frederick County in 1991 as a pilot program. As of 2009, every single-family home in the county can participate in single-stream curbside recycling. In 2007, 618.4 million pounds of waste was generated in the county. Of this amount, 255.5 million pounds was recycled. In 2007, the county's waste diversion rate

was 44.3%. In 2009, it cost \$76 to drop off one ton of waste at the landfill transfer station and just \$25 to drop off one ton of recyclables.

In 2006, Frederick County implemented a solid waste benefit charge (also known as a system benefit charge) to pay a portion of the reasonably anticipated capital and operating costs for the disposal of solid waste. The charge is applied countywide to both residential and nonresidential properties. The charge supplements landfill tipping fees, generating enough revenue to allow the Department of Solid Waste Management to function as an enterprise fund within the county government; the department does not receive any general funds.

### *PayT Fees, Generally*

PayT fees are charged for the collection of ordinary household trash, based on the amount of trash generated. Generally, PayT fees are assessed by individual communities and are charged based on the number of bags or cans of waste disposed of, although some communities charge residents based on the weight of the trash. The proceeds from PayT fees generally go to cover solid waste management costs. According to Frederick County, because the county is not responsible for trash collection fees, any PayT fees would be assessed by municipalities (if they choose to approve the pilot program) or private haulers that provide subscription service to the unincorporated areas of the county.

According to the U.S. Environmental Protection Agency (EPA), communities with PayT programs have reported significant increases in recycling and reductions in waste. The major benefit of PayT is the economic incentive for residents to recycle more and reduce waste, thus reducing pressure on landfills and assuaging the environmental issues associated with them. In addition, by encouraging individuals to recycle more, the amount of material and energy required to generate new raw materials could decrease, thereby reducing greenhouse gas emissions.

There were about 100 PayT programs in the United States in the late 1980s. According to EPA, as of 2006, the number of PayT communities had grown to over 7,000, including 49 in Maryland. MDE advises, however, that it can confirm only two such programs in the State – Charles County’s “Tag a Bag Program” and the City of Aberdeen’s volume-based sticker system.

**Local Fiscal Effect:** Frederick County anticipates an increase in administrative costs of an estimated \$401,500 in fiscal 2011 (including \$300,000 in contractual services for weekly waste collections; \$86,300 to purchase collection containers of various sizes; and \$15,100 in personnel costs) to establish and implement the pilot program. This estimate assumes that the pilot program covers 2,000 households and is based on actual costs

incurred to implement a pilot program on single-stream recycling. Depending on the way the contract with the hauler is executed, the county reports that the pilot program could also result in the loss of an estimated \$150,000 in landfill tipping fees that otherwise would be collected from participating households in fiscal 2011. No impact is anticipated in the out-years, as the county currently envisions a one-year pilot program.

Although many communities that have implemented PayT programs have experienced an increase in recycling and a decrease in overall solid waste management costs, the county advises that it does not necessarily anticipate a decrease in solid waste management costs as a result of this bill. First, the county advises that it is not clear that the pilot program will result in an increase in recycling because the county already has a robust curbside recycling program that is available to all residential properties. Second, even if some residents recycle more and reduce waste, although transportation costs to ship waste out of state would likely decrease, the overall impact on county finances may be negative because (1) most of its landfill costs are fixed costs (salaries, debt service, etc.) and are not related to the amount of waste received; and (2) a significant portion of the county's existing revenues are used to fund its recycling programs, which are not financially self-supporting. Finally, the county notes its concern that under a PayT pilot program, residents may be encouraged to place nonrecyclable material in the county's recycling collection carts in order to secure a lower PayT fee from their haulers; to the extent this happens, any marginal decrease in expenditures for transporting waste out of state could potentially be offset by an increase in costs to address nonrecyclables placed into recycling bins.

The extent to which any municipalities in Frederick County would choose to approve a PayT pilot program, and any related fiscal impacts, is unknown.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Frederick County, Maryland Department of the Environment, Northeast Maryland Waste Disposal Authority, U.S. Environmental Protection Agency, Sustainable Cities Institute, Department of Legislative Services

**Fiscal Note History:** First Reader - March 15, 2010  
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