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FISCAL AND POLICY NOTE
Revised

Senate Bill 721

(Senator Pinsky)

Education, Health, and Environmental Affairs
and Finance

Environmental Matters

Prince George's County - Authority to Impose Fees for Use of Disposable Bags

This bill authorizes Prince George's County to impose, by law, a fee on a store for the use of disposable bags as part of a retail sale of products. A "store" is a retail establishment that provides disposable bags to its customers as a result of the sale of a product.

Fiscal Summary

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

Local Effect: Potential increase in Prince George's County expenditures to establish and implement bag fee laws. Potential increase in Prince George's County revenues, to the extent the county elects to impose bag fees.

Small Business Effect: Potential meaningful, in Prince George's County.

Analysis

Bill Summary: A "disposable bag" is a paper or plastic bag provided by a store to a customer at the point of sale. A "disposable bag" does not include (1) a durable plastic bag with handles that is at least 2.25 mils thick and is designed and manufactured for multiple reuse; (2) a bag provided by a pharmacist to contain prescription drugs; (3) plastic bags sold in packages containing multiple plastic bags intended for use as garbage, pet waste, or yard waste bags; (4) a bag that a restaurant provides to a customer to take food or drink away from the restaurant; and (5) a bag used to:

- package bulk items, including fruit, vegetables, nuts, grains, candy, or small hardware items;
- contain or wrap frozen foods, meat, or fish, whether prepackaged or not;
- contain or wrap flowers, potted plants, or other damp items;
- contain unwrapped prepared foods or bakery goods; and
- contain a newspaper or dry cleaning.

Current Law: Currently, Prince George’s County does not have the authority to levy a bag fee. However, local jurisdictions with general taxing powers (*e.g.* Baltimore City, Baltimore County, and Montgomery County) have the authority to levy a bag fee.

The Maryland Department of the Environment (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 comprises 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. Counties have flexibility to determine the best way to reach the required recycling rates. State law does not specifically address the disposal or recycling of disposable bags.

The State Recycling Trust Fund is used to provide grants to counties and municipalities to support local recycling activities and now comprises primarily computer manufacturer registration fees under the State’s electronic waste recycling law.

Background: Americans use up to an estimated 100 billion plastic grocery bags annually, and the use of disposable carryout bags has been the center of much media attention. Proponents of disposable bag restrictions emphasize that plastic bags clog waterways, harm wildlife, consume valuable landfill space, and lead to greater fossil fuel consumption.

As a result of these concerns, dozens of jurisdictions have adopted fees, bans, or other programs to discourage the use of disposable bags or to promote bag recycling. In March 2007, San Francisco became the first city in the United States to ban nonbiodegradable bags from large grocery stores and pharmacies. Earlier this year, Baltimore City began implementing its plastic bag reduction program focused on encouraging consumers to use reusable bags and to recycle disposable plastic bags. The National Conference of State Legislatures reported that about 90 bills relating to plastic bags were introduced in 24 states in 2009. North Carolina enacted a ban on plastic bags in the Outer Banks region, and Delaware requires stores to establish at-store recycling programs.

On January 1, 2010, a new law took effect in the District of Columbia banning the use of disposable, nonrecyclable plastic carryout bags and requiring specified stores to charge a fee of 5 cents for each disposable bag a shopper is given. During the first 10 months of program implementation, approximately \$2.0 million in revenue had been raised and distributed for city efforts to protect the Anacostia River and other impaired waterways. In addition, the program is estimated to have reduced the number of bags consumed in the city by between 50% and 80%.

In April 2009, a bill (H.R. 2091) was introduced in the U.S. House of Representatives that imposes a retail tax on single-use carryout bags. Internationally, Bangladesh, China, France, Uganda, and several other countries have approved nationwide bans on the use of plastic bags. Germany, Ireland, Denmark, Sweden, South Africa, and Switzerland, among others, impose a tax or levy, while Holland and Canada focus on recycling. The United Nations has encouraged other countries to support plastic bag restrictions.

Due to concerns associated with both plastic and paper bags, reusable bags are gaining popularity, despite their additional cost.

Small Business Effect: Small store owners in Prince George's County that provide disposable bags to customers are impacted to the extent they must pay a fee to continue to provide such bags.

Additional Information

Prior Introductions: None.

Cross File: HB 661 (Delegate Frush) - Environmental Matters.

Information Source(s): Prince George's County, Maryland Department of the Environment, National Conference of State Legislatures, *The Washington Post*, Department of Legislative Services

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