SB 875

Department of Legislative Services

Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

Senate Bill 875 (Senator Ferguson)
Education, Health, and Environmental Affairs

Environment - Beverage Container Deposit Program - Recommendation

This bill requires the Maryland Department of the Environment (MDE) to recommend a Maryland Beverage Container Deposit Program that contains specified elements to the Governor and General Assembly by September 15, 2012.

The bill takes effect June 1, 2012.

Fiscal Summary

State Effect: The bill's recommendation and reporting requirements can likely be handled by MDE with existing resources because the issue has already been thoroughly studied as discussed below.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The Maryland Beverage Container Deposit Program recommended by MDE must:

- require distributors to charge a deposit on each returnable beverage container that is covered by the program;
- be based on (1) data provided by the University of Maryland Environmental Finance Center in the document "Impact Analysis of a Beverage Container Deposit Program in Maryland"; and (2) the analysis described by the Abell

Foundation in the document "The Impact of a Beverage Container Deposit Program in Maryland";

- cover all on-the-go aluminum, glass, and plastic containers for water, soda, beer, and alcoholic beverages;
- exempt tetra packs and containers for milk and dairy products, except alcoholic beverages that contain dairy products;
- set a State recycling target of 85%, including curbside and drop-off recycling;
- determine whether the return incentive should be a 5- or 10-cent deposit;
- provide funding mechanisms to defray the costs to local governments of implementing the program, including revenue from commodities, unredeemed deposits, interest on deposits, and handling fees;
- determine collection network requirements and exceptions that allow retailers to refuse to redeem containers under specified conditions;
- encourage the use of reverse vending machines in parking lots or redemption centers for high-traffic areas and large retailers;
- include specified monitoring standards;
- require distributors to charge a deposit on each returnable beverage container that is covered by the program and pay the deposit receipts to the State or local governments on a monthly basis; and
- be integrated into the current statewide recycling program.

Current Law/Background: Chapter 719 of 2010 required MDE to conduct a study to evaluate solid waste management processes that reduce the solid waste stream through recycling and source reduction. MDE created the Maryland Solid Waste Management, Recycling, and Source Reduction Study Group and consulted with local government officials, waste haulers, recyclers, environmental groups, academia, State elected officials, and other affected parties including material resource facilities to study these issues. In December 2011, the study group submitted its final report and recommendations which included, among other things, a discussion of beverage container deposit programs.

In discussing the nature of the problem, the study group found that beverage containers generally constitute a disproportionately large share of litter as compared with their share of the solid waste stream. Bottles are also larger than other prevalent types of litter, such as cigarette butts, and may be more visible. The study group speculated that this may be part of the reason for the prevalence of beverage container deposit programs. According to the study group, 10 states currently have "bottle bills" (beverage container deposit programs) in effect: California, Connecticut, Hawaii, Iowa, Maine, Massachusetts, Michigan, New York, Oregon, and Vermont.

In its research of existing and proposed beverage recycling programs, the study group found that there are two main types of programs: (1) traditional programs where payments are made by consumers to the private sector, such as retailers; and (2) programs where the State funds redemption centers and recycling processors purchase the collected materials from the redemption centers. The study group found that, while it is somewhat difficult to compare the cost of programs between states, the second type of program is generally cheaper. The study group also found that reverse vending machines may be an efficient tool, avoiding the need for personnel to count or weigh containers.

The study group found that recycling rates of beverage containers were significantly higher in states that had established beverage container deposits. However, the study group also noted that, while these programs are generally regarded as successful in reducing beverage container litter, the reductions cannot be definitively traced to bottle deposit programs. For example, data from a U.S. Environmental Protection Agency (EPA) national survey showed that beverage container litter has decreased by 74% across the nation as a whole since 1969.

Nevertheless, deposit programs generally have higher rates of recovery for beverage containers than do curbside programs. The study group report cited a 2002 report that found the capture and participation rate for curbside programs is generally around 50%. Currently, Maryland recycles 42.9% of its beverage containers through a combination of curbside and drop-off recycling, while states with deposit programs have an average recovery rate of around 80%. Thus, the study group concluded that a bottle bill in Maryland could increase the recycling rate of beverage containers in Maryland from 42.9% to between 75% and 90%. While that would be a significant increase in the percentage of beverage containers recycled, it would only represent a 1% to 2% increase in the State's overall recycling rate.

Finally, the study group examined the environmental effects of beverage container recycling more broadly, noting that, as a potential benefit of implementing a deposit program, Maryland could avoid between 164,000 and 241,000 million tons of carbon dioxide equivalent annually. Thus, a deposit program would not only assist in achieving MDE's goal of increasing the statewide recycling rate to 55% and the waste diversion rate to 60% by 2020, but it could also support the Maryland Climate Action Plan's goal of reducing greenhouse gas emissions by 25% by 2020. Despite these environmental benefits, the study group did not recommend proposing beverage container deposit legislation in its report.

In December 2011, the University of Maryland Environmental Finance Center issued a report for the Abell Foundation and the Waterfront Partnership of Baltimore, Inc., to quantify a beverage container deposit program's contribution to Maryland's goals to reduce greenhouse gas emissions and stormwater-related trash and to determine what money might be available to the State as a result of unredeemed beverage container deposits. The report noted the potential for litter reduction and an increase in recycling from a beverage container deposit program, but also acknowledged a potential negative impact on local recycling programs and potential concerns about handling costs. In conclusion, the report noted that the economic outcomes of a program would vary based on the design of the program. Finally, the report indicated that maximizing the benefits of a bottle bill depends on achieving high recycling rates and that minimizing the costs of a bottle bill depends on an efficient return system.

Additional Comments: Although the bill only requires MDE to *recommend* a beverage container deposit program, to the extent that the recommended program is ultimately established through future legislation, State and local government finances may be significantly affected. An estimate of these effects cannot be made without additional information regarding specific details of the program. However, any beverage container deposit program could negatively impact any local government that derives significant revenues or savings from existing recycling programs. For example, Montgomery County advises that a reduction in recyclable materials collected will result in a reduction in solid waste enterprise fund revenues that support the operating and capital costs of the Montgomery County Recycling Center. Similarly, Prince George's County advises that any losses from the sale of recyclable materials will negatively affect the Prince George's County Solid Waste Fund, with the potential for a decrease in revenue well in excess of $1 million annually.

Additional Information

Prior Introductions: None.

Cross File: HB 1115 (Delegate Olszewski) - Environmental Matters and Economic Matters.

Information Source(s): Calvert, Howard, Montgomery, and Prince George's counties; Baltimore City; City of Frederick; Maryland Department of the Environment; U.S. Environmental Protection Agency; Maryland Solid Waste Management, Recycling, and Source Reduction Study Group; University of Maryland Environmental Finance Center; Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2012
mc/lgc

Analysis by: Evan M. Isaacson

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