

Department of Legislative Services  
Maryland General Assembly  
2013 Session

FISCAL AND POLICY NOTE

House Bill 135

(Delegates A. Miller and S. Robinson)

Environmental Matters

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Environment - Motor Vehicle Batteries - Recycling

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This bill requires a motor vehicle battery retailer to accept a used motor vehicle battery offered by a customer and to provide for the recycling of the battery within 90 days. Under the bill, a “motor vehicle battery” is defined as any type of enclosed device or sealed container which consists of one or more cells, contains lead, and is used as a power source for starting a motor vehicle. A retailer must also post a sign that, among other requirements, specifies that “State law requires us to accept used motor vehicle batteries for recycling in exchange for new motor vehicle batteries purchased.” The bill authorizes the Maryland Department of the Environment (MDE) to inspect a retailer’s premises and subjects a person that knowingly and willfully violates the bill to a misdemeanor penalty of up to \$100 per violation; each day a violation occurs is a separate violation. MDE must adopt regulations to implement the bill.

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Fiscal Summary

**State Effect:** Potential minimal increase in special fund revenues beginning in FY 2014 due to the bill’s misdemeanor penalty provision. Although MDE workloads increase for regulatory development and enforcement activities, the bill is expected to be implemented by MDE with existing budgeted resources.

**Local Effect:** Local government workloads and expenditures decrease for any jurisdiction that collects used motor vehicle batteries as more batteries are returned to private vendors instead. However, local revenues also decrease as fewer collected batteries are available to be sold to battery recyclers for their scrap value. Overall, the net effect is unclear. Local grant revenues from MDE may increase minimally to the extent that additional penalty revenues for the State Recycling Trust Fund result in additional grants provided to local governments.

**Small Business Effect:** Potential meaningful.

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## **Analysis**

**Current Law:** There are no requirements for the collection or disposal of lead-acid motor vehicle batteries. State law charges MDE with the administration of several battery recycling requirements pertaining to other forms of batteries, such as mercuric oxide batteries and rechargeable batteries of 25 pounds or less.

All fines and penalties collected under the Office of Recycling Subtitle are paid into the State Recycling Trust Fund. The fund must be used only (1) to provide grants to counties to develop and implement local recycling plans; (2) to provide grants to local governments related to electronics recycling; and (3) for MDE's Land Management Administration.

**Background:** According to the Battery Council International (BCI), there are 46 states with a lead-acid battery recycling law. All but five of these states have laws that are generally based on the BCI model legislation; this bill generally conforms to the BCI model, with several exceptions. According to BCI, lead-acid batteries are separated into three components: (1) lead is smelted and refined to be used in new batteries; (2) the plastic case is recovered and molded into new cases; and (3) the used acid is recycled for reuse.

According to the U.S. Environmental Protection Agency (EPA), 96% of lead-acid batteries are recycled, in part because nearly all retailers of lead acid batteries collect used batteries for recycling. MDE advises that most counties provide for recycling of lead batteries through curbside collection or drop-off points. MDE notes that lead batteries are also included in county annual waste diversion reporting and that, in 2011, counties reported that 23,085 tons of lead acid batteries were recycled. MDE advises that this undercounts the actual tonnage of lead acid batteries recycled, as many batteries are returned to retailers instead.

**State Expenditures:** Workloads may increase for existing MDE inspectors within the Land Management Administration to the extent that MDE exercises its authority under the bill to inspect battery retailers' premises. However, MDE advises that it plans to enforce the bill on a complaint basis only. The bill may also result in minimal additional workloads for the assistant Attorneys General within MDE to bring criminal actions under the bill. Finally, MDE's workload increases to adopt the required regulations. Overall, however, the bill is expected be handled by MDE with existing budgeted resources. To the extent a more comprehensive inspection program is required, additional inspectors may be needed.

**State Revenues:** Special fund revenues may increase minimally for the State Recycling Trust Fund within MDE's Land Management Administration as a result of the collection of any misdemeanor penalties. The frequency and magnitude of penalty collections under the bill's enforcement provisions is uncertain but is not anticipated to be significant. Many battery retailers already accept batteries for recycling. Further, noncompliance with the bill's requirements may be rare to the extent that battery retailers ultimately realize benefits from the collection of batteries under the bill's requirements. Finally, MDE advises that it plans to enforce the bill on a complaint basis only and with existing inspection resources.

**Small Business Effect:** Some small business motor vehicle battery retailers may incur significant additional costs to alter their operations in order to begin accepting used batteries and to comply with the bill's signage requirement. While EPA and BCI data indicate that most automotive batteries are already being recycled around the country, this may reflect the practice in the 46 states that have battery recycling laws in effect and the operations of several large national battery retailers that recycle batteries in stores nationwide; this data may not reflect the prevalence of voluntary battery collection by small business retailers in Maryland.

However, small business battery retailers may also realize meaningful benefits to the extent that the sale of returned batteries to lead battery recyclers yields a profit, or to the extent that the battery return requirement results in additional customers for retailers. Overall, it is unclear if small business retailers will realize a net benefit from the bill's requirements or to what extent the market for recycled batteries will change from year to year.

According to the U.S. Census Bureau, in Maryland there are 773 automotive, parts, accessories, and tire stores with fewer than 50 employees and 1,553 gas stations with fewer than 50 employees. Data does not exist as to the percentage of such businesses that also engage in the retail sale of batteries.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of the Environment, U.S. Environmental Protection Agency, U.S. Census Bureau, Battery Council International, Department of Legislative Services

**Fiscal Note History:** First Reader - February 4, 2013  
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Analysis by: Evan M. Isaacson

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