

Department of Legislative Services
 Maryland General Assembly
 2013 Session

FISCAL AND POLICY NOTE

House Bill 1087 (Delegate Niemann, *et al.*)
 Environmental Matters and Economic
 Matters

Recycling - Bars and Restaurants - Beverage Containers

This bill requires (1) specified distributors, by January 1, 2015, to establish or participate in a program approved by the Maryland Department of the Environment (MDE) for the collection and recycling of “target beverage containers” sold to bars or restaurants and (2) owners or managers of specified bars or restaurants, by January 1, 2015, to separate, store, and arrange for the collection and recycling of all target beverage containers that are generated for disposal. Bar or restaurant owners or managers may participate in collection and recycling programs established by distributors or make other arrangements for collection and recycling. The bill is limited to counties with a population greater than 150,000 according to the latest projections by the Maryland Department of Planning (MDP). MDE is authorized to grant a waiver from the bill’s requirements and required to adopt implementation and enforcement regulations.

Fiscal Summary

State Effect: Special fund expenditures increase by \$34,900 in FY 2014 for additional MDE staff to implement and enforce the bill. Future year expenditures reflect additional positions and inflation. Revenues are not affected.

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	34,900	280,000	301,100	314,900	329,300
Net Effect	(\$34,900)	(\$280,000)	(\$301,100)	(\$314,900)	(\$329,300)

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

Local Effect: Local revenues and expenditures increase in counties that implement expanded recycling programs as a result of the bill. Local revenues and expenditures

decrease to the extent the bill results in private recycling programs collecting materials that local governments would have otherwise collected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: A “beverage” is all carbonated and noncarbonated drinks in liquid form and intended for human consumption, including alcohol-based drinks. A “beverage” does not include (1) milk and dairy-derived products, except coffee and tea drinks containing these products and (2) a liquid that is a syrup in a concentrated form, such as extracts, cooking additives, sauces, or condiments that are used for flavoring food or drink.

A “target beverage container” is an airtight container that is constructed of aluminum, glass, or polyethylene terephthalate that contains one gallon or less or 3.8 liters or less of any beverage at the time of sale to a bar or restaurant in the State.

Current Law/Background: MDE promotes and encourages waste diversion across the State. Waste diversion combines both recycling and source-reduction activities. The Maryland Recycling Act, as amended by Chapter 692 of 2012 (HB 929), requires all counties and Baltimore City to recycle 20% or 35% of their waste generated, depending on population. Additionally, Chapter 692 established a new statewide recycling rate goal of 55% and a waste diversion rate goal of 60% by 2020.

Counties have flexibility to determine the best way to reach the required recycling rates. 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 (SB 473/HB 1290) added to this list a strategy for collecting, processing, marketing, and disposing of recyclable materials from county public schools, and Chapter 430 of 2010 (HB 685) added to this list a strategy for the collection and recycling of fluorescent lights containing mercury.

Chapters 191 and 192 of 2012 (SB 208/HB 1) also require the property owner or manager of an apartment building or the council of unit owners of a condominium containing 10 or more units to provide for the collection and removal of recyclable materials by October 1, 2014.

The State Recycling Trust Fund within MDE 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.

According to MDE, in 2011, about 115,965 tons of beverage containers were recycled, or about 41.3% of the 281,125 tons of beverage containers disposed of in the municipal solid waste stream.

According to MDP projections, Baltimore City and eight counties have a population greater than 150,000: Anne Arundel, Baltimore, Carroll, Frederick, Harford, Howard, Montgomery, and Prince George’s counties. The July 1, 2011 population of Charles County was estimated by MDP in July 2012 to be about 149,100, and the July 1, 2011 population of Washington County was estimated to be about 148,200. Both jurisdictions are projected to have populations in excess of 150,000 by 2015.

State Expenditures: Special fund expenditures increase by \$34,857 in fiscal 2014, which accounts for the bill’s October 1, 2013 effective date, and by \$279,956 in fiscal 2015. These estimates reflect the cost of hiring (1) one part-time environmental program manager in fiscal 2014 to assist in the development of regulations and eventually supervise MDE enforcement personnel; (2) one natural resources planner in fiscal 2015 to review distributors’ proposed collection and recycling programs and consider waivers; and (3) three environmental compliance specialists in mid-fiscal 2015 to conduct inspections and enforcement upon program implementation. The estimates include salaries, fringe benefits, one-time start-up costs, three vehicles, and ongoing operating expenses.

	<u>Fiscal 2014</u>	<u>Fiscal 2015</u>
New Positions	.25	4
Salaries and Fringe Benefits	\$20,768	\$180,673
Start-up Costs and Operating Expenses	<u>14,089</u>	<u>99,283</u>
Total MDE Expenditures	\$34,857	\$279,956

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

The fiscal 2013 ending balance for the Maryland Recycling Trust Fund is projected to be more than \$700,000; accordingly, this analysis assumes that sufficient special funds are available to implement the bill. However, the Maryland Recycling Trust Fund is subject to significant annual variability; thus, general fund expenditures increase to the extent that special funds are not available to implement the bill in any year.

Local Fiscal Effect: Distributors are required to establish or participate in a beverage container collection and recycling program. It is anticipated that some distributors will rely on existing local government recycling programs in order to fulfill this requirement. To the extent that occurs, local expenditures increase to implement expanded collection efforts and local revenues increase due to the sale of additional recycled materials. Local

revenues and expenditures decrease, however, to the extent the bill results in private recycling programs collecting materials that local governments would have otherwise collected.

Small Business Effect: Starting January 1, 2015, this bill has a potential meaningful impact on small restaurants and bars and beverage distributors. Expenditures may increase for small (1) restaurants and bars that must purchase recycling receptacles and contract for removal of collected recyclable materials and (2) distributors that must establish or participate in a recycling program. However, small recycled material haulers, transporters, and processors may benefit from additional business as a result of the bill.

The exact number of small businesses affected by the bill is unknown, but it could be significant. *For illustrative purposes*, the U.S. Census Bureau estimates there were 10,202 food service and drinking establishments in Maryland in 2010, and 9,407 of these establishments had fewer than 50 employees. In addition, the U.S. Census Bureau estimates there were 198 solid waste collection businesses in Maryland in 2010, and 175 of these businesses had fewer than 50 employees. Finally, MDE estimates that a total of 150 beverage distributors operate in Maryland, of which a portion may be small businesses.

Additional Information

Prior Introductions: HB 389 of 2011, a similar bill, received a hearing in the House Environmental Matters Committee but was subsequently withdrawn. HB 944 of 2010, also a similar bill, received a hearing in the House Environmental Matters Committee, but no further action was taken.

Cross File: None.

Information Source(s): Maryland Department of Planning, Maryland Department of the Environment, Department of Legislative Services

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