

Department of Legislative Services
 Maryland General Assembly
 2016 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 743 (Delegates S. Robinson and Cassilly)
 Environment and Transportation Education, Health, and Environmental Affairs

Yard Waste and Food Residuals Diversion and Infrastructure Task Force

This bill establishes the Yard Waste and Food Residuals Diversion and Infrastructure Task Force. The bill provides for the membership of the task force and requires the Maryland Department of the Environment (MDE) and the Department of Economic Competiveness and Commerce (Department of Commerce) to jointly provide staff for the task force. The task force must study numerous specified items relating to yard waste and food residual diversion and make legislative and policy recommendations. The task force must report its interim and final findings and recommendations to the Governor and the General Assembly by January 1, 2017, and January 1, 2018, respectively.

The bill takes effect July 1, 2016, and terminates June 30, 2018.

Fiscal Summary

State Effect: General fund expenditures for the Department of Commerce increase by \$25,300 in FY 2017 to hire contractual staff for the task force. MDE can staff the task force with existing resources. General/special fund expenditures increase negligibly in FY 2017 and 2018 for reimbursement of task force member expenses. No effect on revenues.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	25,300	19,600	0	0	0
GF/SF Exp.	-	-	0	0	0
Net Effect	(\$25,300)	(\$19,600)	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Among other things, the task force must (1) evaluate the current recovery of food waste in the State, opportunities for expansion, and related obstacles; (2) identify organic waste recycling capacity in the State; (3) identify generators of one ton of food waste per week or more and the estimated total amount of food waste generated from those entities that is expected to be diverted from disposal if adequate capacity exists; (4) identify properties or zones for infrastructure development; (5) study how other states regulate yard waste disposal and food waste recovery; (6) evaluate whether county solid waste management plans should require an organic materials recycling program and address facility infrastructure needs for organic materials recycling; and (7) study ways to encourage a decentralized and distributed composting infrastructure.

The task force must recommend specific legislative and other policy initiatives to implement the recommendations in MDE's composting workgroup's final report and the goals of the State's zero waste plan, as specified.

Current Law/Background:

Yard Waste

All yard waste collected separately from other solid waste may be transported to a composting facility. An owner or operator of a refuse disposal system may not accept truckloads of separately collected yard waste for final disposal unless the owner or operator provides for the composting or mulching of the yard waste.

Zero Waste

MDE is currently working to eliminate the need for disposal of solid waste as part of its zero waste plan. The zero waste plan is one of MDE's major strategies to reduce emissions as required by the Greenhouse Gas Reduction Act of 2009 (Chapters 171 and 172). Specific actions listed in the plan include encouraging food donation, phasing in a commercial/institutional ban on disposal of organic materials, and encouraging anaerobic digestion. Executive Order 01.01.2015.01, which also addresses Maryland's zero waste goal, states that "Maryland shall endeavor to ensure that all waste generated in the State is increasingly reduced and reused rather than discarded in a manner that adversely impacts our health and environment." The executive order also requires MDE to provide local governments with information on alternatives to landfilling and, except for permit

applications submitted before January 19, 2015, prohibits MDE from issuing a permit for any new municipal or land-clearing debris landfill capacity in the State.

Composting

Chapter 363 of 2011 required MDE, in consultation with the Maryland Department of Agriculture and the Maryland Environmental Service, to study composting in Maryland, including the laws or regulations governing composting, and to make recommendations about how to promote composting in Maryland. The composting workgroup established pursuant to Chapter 363 reviewed other states' composting requirements, determined ways to further encourage composting in Maryland, and considered model composting regulations from the U.S. Composting Council. The workgroup made several recommendations for establishing a conceptual framework for the future regulation of composting facilities, as well as recommendations for State and local actions related to developing pilot projects and identifying financial and technical assistance for composting companies, end markets for compost, and available properties able to manage organic materials.

Chapter 686 of 2013 required MDE to adopt regulations governing the permitting and operation of composting facilities and prohibited a person from operating a composting facility that is not in accordance with the regulations or any permit or order issued under specified composting laws. Chapter 686 also altered several definitions in order to treat compost and composting separately from more traditional regulation of solid waste. Chapter 686 specifically authorized MDE to include in the new composting regulations (1) conditions for constructing and operating a composting facility; (2) a tiered system of permits for facilities based on size, feedstock type, or other factors; (3) design and operational conditions to protect public health and the environment and to minimize nuisances; (4) permit exceptions; and (5) an exemption for certain organic materials from designation as solid waste.

MDE's composting regulations took effect July 1, 2015. Among other things, the regulations establish tiered standards for composting facilities based on the feedstock, size of facility, and the environmental risk posed.

Anaerobic Digestion

According to the U.S. Environmental Protection Agency (EPA), anaerobically digesting food waste produces two valuable products – renewable energy and soil amendment. Additionally, EPA advises that, if 50% of the food waste generated each year in the United States was anaerobically digested, enough electricity would be generated to power 2.5 million homes for a year. MDE advises that it is aware of two anaerobic digesters in

the State, although both facilities are used for processing dairy manure, and only one of the facilities may combine limited amounts of food residuals with dairy manure.

Anaerobic digestion is one component of the zero waste strategy envisioned by MDE's zero waste plan. The plan calls for an overall recycling goal of 80% by 2040, as well as yard waste and food scrap recycling goals. For yard waste, the plan calls for an increase in yard waste recycling to 73% by 2015, 76% by 2020, 80% by 2025, 83% by 2030, and 90% by 2040. For food scrap recycling, the goal is to increase the recycling rate to 15% by 2015, 35% by 2020, 60% by 2025, 70% by 2030, and 90% by 2040. Specific actions listed in the plan include encouraging food donation, phasing in a commercial/institutional ban on disposal of organic materials, and encouraging anaerobic digestion.

State Expenditures: General fund expenditures increase by \$25,276 in fiscal 2017, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring one part-time contractual administrator within the Department of Commerce to staff the task force, work on the required reports, and conduct the required research. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Position	0.5
Salary and Fringe Benefits	\$20,612
Operating Expenses	<u>4,664</u>
Total FY 2017 State Expenditures	\$25,276

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses. Future year expenditures also reflect the termination of the contractual employee after fiscal 2018.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Although the bill also establishes significant additional responsibilities for MDE, MDE advises that it can implement the bill's requirements with existing budgeted resources.

Additional Information

Prior Introductions: HB 603 of 2015 passed the House with amendments and received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken.

Cross File: None.

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

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min/lgc

Analysis by: Kathleen P. Kennedy

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