

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1452

(Delegate Stein)

Environment and Transportation

Education, Health, and Environmental Affairs

**Department of the Environment – Office of Recycling – Recycling Market
 Development**

This bill requires the Maryland Department of the Environment’s (MDE) Office of Recycling to promote the development of markets for recycled materials and recycled products in the State, as specified. The bill establishes various requirements for the office, including expanded reporting requirements, and requires the office to coordinate its activities with the Department of Commerce (Commerce), the Department of General Services (DGS), the Maryland Department of Transportation (MDOT), the Maryland Environmental Services (MES), the Northeast Maryland Waste Disposal Authority, local governments, and private organizations.

Fiscal Summary

State Effect: General/special fund expenditures increase by \$65,600 in FY 2021; future years reflect annualization. Minimal increase in nonbudgeted revenues and expenditures beginning in FY 2021. Otherwise, State revenues are not affected.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
NonBud Rev.	-	-	-	-	-
GF/SF Exp.	\$65,600	\$78,400	\$80,000	\$82,500	\$85,100
NonBud Exp.	-	-	-	-	-
Net Effect	(\$65,600)	(\$78,400)	(\$80,000)	(\$82,500)	(\$85,100)

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

Local Effect: It is assumed that local governments can coordinate with MDE with minimal operational and/or fiscal impact. Local governments may benefit operationally and fiscally from increased local recycling opportunities, as discussed below.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill requires the Office of Recycling to take several actions to promote the development of markets for recycled materials and recycled products, including (1) evaluating the availability of local, national, and international markets for recycled materials and products; (2) identifying the recyclable materials representing the largest portion of the recycling waste stream; (3) identifying businesses in the State that use recycled materials and opportunities for businesses in the State to increase their use of recycled materials; (4) establishing and promoting the “Maryland is Open for Recycling Business” campaign to attract new businesses to the State; and (5) providing advisory and technical services to support the development of markets for recycled materials and recycled products in the State.

By July 1, 2021, Commerce, DGS, MDOT, and MES must report to the office on relevant programs, tools, training guides, campaigns, and technologies available for promoting the development of markets for recycled materials and recycled products in the State, including efforts in State government to increase the use, reuse, and remanufacturing of recycled materials and the use of recycled products. By September 1, 2021, and annually thereafter, the annual *Maryland Solid Waste Management and Diversion Report* must include the activities conducted pursuant to the bill.

The bill expresses the General Assembly’s intent that the office seek input from all interested parties to develop a comprehensive understanding of the programs, tools, training guides, and technologies available to promote the development of markets for recycled materials and recycled products in the State. The bill also expresses the General Assembly’s intent that DGS, Commerce, and MDOT assist the Office of Recycling in developing markets for recycled materials and recycled products.

The bill repeals a current law requirement for MES and MDE to report biannually to the Governor and the General Assembly on the availability of local, national, and international markets for recycling materials.

Current Law: Maryland’s recycling policy is guided by the Maryland Recycling Act, which sets mandatory recycling rates for State government and local jurisdictions, as well as a voluntary statewide waste diversion goal of 60% and a voluntary statewide recycling goal of 55% by 2020. Each county (including Baltimore City) must prepare a recycling plan that addresses how the jurisdiction will achieve its mandatory recycling rate. The plan must be submitted to MDE’s Office of Recycling for approval when the jurisdiction submits its water and sewerage plan at least every 10 years. At least every 2 years, each county must also submit a progress report to MDE, which must include any revision of or amendment to the county plan that has been adopted.

The Office of Recycling within MDE must submit biannual reports, in coordination with MES, to the Governor and the General Assembly on specified information related to recycling in Maryland. Beginning in 2009, MDE combined the *Maryland Waste Diversion Activities Report* and the *Solid Waste Managed in Maryland Report* into one report, the *Maryland Solid Waste Management and Diversion Report*.

State Fiscal Effect: General/special fund expenditures increase by \$65,578 in fiscal 2021, which accounts for the bill’s October 1, 2020 effective date. This estimate reflects the cost of hiring one natural resources planner to (1) conduct research on available and potential markets for recyclable materials; (2) research the types and quantities of recyclable materials generated in the State; (3) identify opportunities for businesses in Maryland to use recycled materials; (4) identify existing funding mechanisms for recycling market development; (5) conduct outreach and establish and promote a “Maryland is Open for Recycling Business” campaign; and (6) annually report on the activities conducted pursuant to the bill. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses, including travel costs.

Position	1
Salary and Fringe Benefits	\$53,946
Operating Expenses	<u>11,632</u>
Total MDE FY 2021 Costs	\$65,578

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses. Funding for this position would normally come from the State Recycling Trust Fund, which is a special fund, but there is not enough available funding in that special fund to fully cover the costs of the new position. Thus, this analysis assumes that a combination of general funds and special funds are used.

Commerce, DGS, and MDOT can likely submit the required report to MDE, collaborate with MDE on an ongoing basis, and assist MDE in the development of markets for recycled materials and recycled products with existing budgeted resources.

MES’ nonbudgeted expenditures increase to submit the required report to MDE and to collaborate with MDE on an ongoing basis. Since this project is likely not billable, staff costs to implement the bill are charged to MES overhead, and agency operating costs increase. It is assumed that MES increases its overhead rates to cover these costs, resulting in a corresponding increase in nonbudgeted revenues.

Local Fiscal Effect: It is assumed that local governments and the Northeast Maryland Waste Disposal Authority can coordinate with MDE with only a minimal fiscal and/or operational impact. Additionally, local governments may benefit from increased and potentially lower cost recycling opportunities. Most local governments have incurred

increases in recycling costs in recent years. If local recycling markets are more readily available as a result of the bill, local governments benefit.

Small Business Effect: To the extent the bill results in additional markets for recyclable materials in Maryland, small businesses that collect, haul, and process recyclable materials may benefit. MES reports that few processors of recyclable commodities are located in Maryland; most of the commodities produced at recovery facilities in Maryland are shipped out-of-state or exported for recycling.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Charles and Frederick counties; Maryland Association of Counties; Department of Commerce; Maryland Environmental Service; Northeast Maryland Waste Disposal Authority; City of Havre de Grace; Maryland Municipal League; Maryland Department of the Environment; Department of General Services; Maryland Department of Transportation; Department of Legislative Services

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Analysis by: Kathleen P. Kennedy

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