HOUSE BILL 1070

M3, M4

By: Delegate Boyce
Introduced and read first time: February 10, 2022
Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 Solid Waste Disposal and Diversion and On–Farm Composting and Compost Use

3 FOR the purpose of establishing the On–Farm Composting and Compost Use Grant Fund
4 as a special, nonlapsing fund; requiring interest earnings of the On–Farm
5 Composting and Compost Use Grant Fund to be credited to the Fund; establishing a
6 solid waste disposal surcharge to be paid, on a quarterly basis beginning on a certain
7 date, to the Comptroller by owners or operators of refuse disposal facilities in the
8 State; establishing the Environmental Stewardship Fund as a special, nonlapsing
9 fund; requiring interest earnings of the Environmental Stewardship Fund to be
10 credited to the Fund; requiring the Comptroller, on an annual basis, to transfer
11 certain solid waste disposal surcharge revenue to certain funds for certain purposes;
12 specifying that certain solid waste disposal surcharge revenue transferred to the
13 State Recycling Trust Fund may not revert to the General Fund; requiring certain
14 revenue transferred to the State Recycling Trust Fund to be used by the Office of
15 Recycling in the Department of the Environment to award certain grants; and
16 generally relating to solid waste disposal and diversion and on–farm composting and
17 compost use.

18 BY adding to
19 Article – Agriculture
20 Section 2–2101 through 2–2103 to be under the new subtitle “Subtitle 21. On–Farm
21 Composting and Compost Use Grant Fund”
22 Annotated Code of Maryland
23 (2016 Replacement Volume and 2021 Supplement)

24 BY repealing and reenacting, without amendments,
25 Article – Environment
26 Section 9–201(a) and (e) and 9–1701(a), (d), (m), and (q)
27 Annotated Code of Maryland
28 (2014 Replacement Volume and 2021 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
BY repealing and reenacting, with amendments,
   Article – Environment
   Section 9–1707(f)
   Annotated Code of Maryland
   (2014 Replacement Volume and 2021 Supplement)

BY adding to
   Article – Environment
   Section 9–17A–01 through 9–17A–06 to be under the new subtitle “Subtitle 17A.
   Environmental Stewardship”
   Annotated Code of Maryland
   (2014 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, without amendments,
   Article – State Finance and Procurement
   Section 6–226(a)(2)(i)
   Annotated Code of Maryland
   (2021 Replacement Volume)

BY repealing and reenacting, with amendments,
   Article – State Finance and Procurement
   Section 6–226(a)(2)(ii)144. and 145.
   Annotated Code of Maryland
   (2021 Replacement Volume)

BY adding to
   Article – State Finance and Procurement
   Section 6–266(a)(2)(ii)146. and 147.
   Annotated Code of Maryland
   (2021 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

   Article – Agriculture

   SUBTITLE 21. ON–FARM COMPOSTING AND COMPOST USE GRANT FUND.

   2–2101.

   (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
       INDICATED.

   (B) “ELIGIBLE ENTITY” MEANS:

       (1) A UNIT OF STATE OR LOCAL GOVERNMENT;
(2) A SOIL CONSERVATION DISTRICT;

(3) A LOCAL EDUCATION AGENCY;

(4) AN INSTITUTION OF HIGHER EDUCATION;

(5) A NONPROFIT ORGANIZATION;

(6) A FARMER, INCLUDING AN URBAN FARMER OR A RANCHER; AND

(7) A CONSORTIUM OF ANY OF THE ENTITIES IDENTIFIED IN ITEMS (1) THROUGH (6) OF THIS SUBSECTION.

(C) “Fund” means the On–Farm Composting and Compost Use Grant Fund.

2–2102.

(A) There is an On–Farm Composting and Compost Use Grant Fund.

(B) The purpose of the Fund is to award grants to eligible entities to assist with the costs of developing and implementing on–farm composting and compost use projects.

(C) The Secretary, in consultation with the Secretary of the Environment, shall administer the Fund.

(D) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(2) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(E) The Fund consists of:

(1) The solid waste disposal surcharge revenue transferred to the Fund under § 9–17A–03(f)(3)(i) of the Environment Article;

(2) Money appropriated in the State budget to the Fund;
(3) Interest earnings; and

(4) Any other money from any other source accepted for the benefit of the Fund.

(F) The Fund may be used only to award grants to eligible entities to assist with the costs of developing and implementing on-farm composting and compost use projects, including the costs of:

(1) purchasing compost and equipment for on-farm compost application;

(2) equipment and infrastructure in support of on-farm composting;

(3) composting materials generated on-site or off-site, including animal manure generated on-site and food scraps generated off-site;

(4) compost management training under a program offered by the University of Maryland Extension, the U.S. Composting Council, or other appropriate entity;

(5) (i) compost testing equipment; or

(ii) submitting compost samples for testing to a laboratory with appropriate expertise;

(6) quantifying the benefits of compost application to soil health and carbon sequestration;

(7) studying impacts of compost application on on-farm nutrient and water quality management to inform relevant regulations;

(8) researching and developing new compost treatments or products that will benefit or inform on-farm compost use;

(9) consulting with a nutrient management specialist or other consultant; and

(10) registering compost for sale within the State.
(G) (1) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(2) Interest earnings of the Fund shall be credited to the Fund.

2–2103.

(A) An eligible entity may apply for a grant from the Fund.

(B) (1) The Secretary shall establish grant application procedures.

(2) The grant application procedures shall include:

(I) A process for facilitating participation of eligible entities with limited resources;

(II) A simple common application and common reporting format;

(III) A process for authorizing eligible entities to use the entity’s standard annual report and “Letter of Interest” to meet application and reporting requirements;

(IV) A process for submitting applications in writing and through video and audio formats; and

(V) Translation services for applicants to overcome language barriers in the application process.

(C) In awarding grants under this subtitle, the Secretary shall give priority for projects:

(1) For which an applicant clearly describes how the project will support on–farm composting or compost use;

(2) That comply with COMAR 26.04.11, COMAR 15.18.04, and other relevant regulations;

(3) That divert organic waste from refuse disposal facilities to instead be composted where the resulting compost is returned to Maryland soil to support food production;
(4) For which an applicant demonstrates knowledge of best practices in the field and how to incorporate those best practices in the project;

(5) That serve a farm owned or operated by a farmer who is a low-income individual, a socially disadvantaged individual, a woman, or a veteran;

(6) That serve a low-income or socially disadvantaged community; or

(7) That engage small or diverse farming operations.

Article – Environment

9–201.

(a) In this subtitle the following words have the meanings indicated.

(e) “Refuse disposal system” includes:

(1) An incinerator;

(2) A transfer station;

(3) A landfill system;

(4) A landfill;

(5) A solid waste processing facility; and

(6) Any other solid waste acceptance facility.

9–1701.

(a) In this subtitle the following words have the meanings indicated.

(d) “Composting” means the controlled aerobic biological decomposition of organic waste material in accordance with the standards established by the Secretary under this title.

(m) “Office” means the Office of Recycling within the Department.
“Recycling” means any process in which recyclable materials are collected, separated, or processed and returned to the marketplace in the form of raw materials or products.

9–1707.

(f)

(1) There is a State Recycling Trust Fund.

(2) The Fund shall consist of:

(i) The newsprint recycling incentive fee;

(ii) The telephone directory recycling incentive fee collected under § 9–1709 of this subtitle;

(iii) The covered electronic device manufacturer registration fee collected under § 9–1728 of this subtitle;

(iv) The solid waste disposal surcharge revenue transferred to the Fund under § 9–17A–03(f)(3)(II) of this title;

[(iv)] (V) All fines and penalties collected under this subtitle;

[(v)] (VI) Money appropriated in the State budget to the Fund; and

[(vi)] (VII) Any other money from any other source accepted for the benefit of the Fund.

(3) The Secretary shall administer the Fund.

(4) The Treasurer shall hold the Fund separately and the Comptroller shall account for the Fund.

(5) (I) [At] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, AT the end of each fiscal year, any unspent or unencumbered balance in the Fund that exceeds $2,000,000 shall revert to the General Fund of the State in accordance with § 7–302 of the State Finance and Procurement Article.

(II)

1. THE SOLID WASTE DISPOSAL SURCHARGE REVENUE TRANSFERRED TO THE FUND UNDER § 9–17A–02(F)(3)(II) OF THIS TITLE IS NOT SUBJECT TO § 7–302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE AND MAY NOT REVERT TO THE GENERAL FUND OF THE STATE.

2. THE OFFICE MAY ESTABLISH A SOLID WASTE DISPOSAL SURCHARGE ACCOUNT IN THE FUND.
In accordance with the State budget, the Fund shall be used only:

(i) To provide grants to the counties to be used by the counties to develop and implement local recycling plans;

(ii) To provide grants to counties that have addressed methods for the separate collection and recycling of covered electronic devices in accordance with §9–1703(c)(1) of this subtitle;

(iii) To provide grants to municipalities to be used by the municipalities to implement local covered electronic device recycling programs; [and]

(iv) To provide grants under §§ 9–17A–04 and 9–17A–05 of this title; and

(v) To carry out the purposes of the land management administration.

The Treasurer shall invest the money in the Fund in the same manner as other State money may be invested.

Any investment earnings of the Fund shall be credited to the General Fund of the State.

SUBTITLE 17A. ENVIRONMENTAL STEWARDSHIP.

9–17A–01.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “COMPOSTING” HAS THE MEANING STATED IN § 9–1701 OF THIS TITLE.

(C) “OFFICE” HAS THE MEANING STATED IN § 9–1701 OF THIS TITLE.

(D) “RECYCLING” HAS THE MEANING STATED IN § 9–1701 OF THIS TITLE.

(E) “REFUSE DISPOSAL SYSTEM” HAS THE MEANING STATED IN § 9–201 OF THIS TITLE.

9–17A–02.

(A) THERE IS A SOLID WASTE DISPOSAL SURCHARGE TO BE PAID BY EACH OWNER OR OPERATOR OF A REFUSE DISPOSAL FACILITY IN THE STATE.
(B) (1) **The solid waste disposal surcharge is $5 per ton of solid waste processed by a refuse disposal system.**

(2) On or before January 1, 2028, and every 5 years thereafter, the Office shall:

   (i) Adjust the solid waste disposal surcharge in accordance with the Consumer Price Index for the Mid-Atlantic Division; and

   (ii) Evaluate the solid waste disposal surcharge to determine whether adjustments to the surcharge are necessary.

(C) If a surcharge has been assessed on an owner or operator of a transfer station, the solid waste disposal surcharge may not be assessed on an owner or operator of a refuse disposal system that receives the solid waste for final disposal.

(D) (1) The Comptroller shall collect the solid waste disposal surcharge assessed under this section and deposit the revenue into the Environmental Stewardship Fund established under § 9–17A–03 of this subtitle.

(2) (i) Beginning April 1, 2023, on a quarterly basis, an owner or operator of a refuse disposal system shall complete and submit, under oath, a return and pay the solid waste disposal surcharge to the Comptroller.

   (ii) A return submitted under subparagraph (i) of this paragraph shall include information on the number of tons of solid waste accepted for disposal, transfer, or collection, as appropriate, during the reporting period.

(E) The Comptroller may adopt regulations to carry out this section.

9–17A–03.

(A) **There is an Environmental Stewardship Fund.**

(B) **The purpose of the Fund is to provide funding to the Office and the Department of Agriculture to award grants to assist with the**
COSTS OF DEVELOPING, IMPLEMENTING, OR EXPANDING EQUIPMENT, INFRASTRUCTURE, AND EDUCATION RELATING TO:

(1) Reducing the amount of solid waste generated in the state;

(2) Reusing, repairing, recycling, and composting solid waste;

(3) Edible food rescue;

(4) On-farm composting and compost use; and

(5) Minimizing illegal dumping.

(c) The Comptroller shall administer the fund.

(d) (1) The fund is a special, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(2) The State Treasurer shall hold the fund separately, and the Comptroller shall account for the fund.

(e) The fund consists of:

(1) The solid waste disposal surcharge revenue deposited into the fund under § 9–17A–02 of this subtitle;

(2) Money appropriated in the State budget to the fund;

(3) Interest earnings; and

(4) Any other money from any other source accepted for the benefit of the fund.

(f) (1) The fund may be used only to:

(i) Provide the funding necessary to award grants under Title 2, Subtitle 21 of the Agriculture Article;

(ii) Provide the funding necessary to award grants under §§ 9–17A–04 and 9–17A–05 of this subtitle; and
(III) COVER THE REASONABLE ADMINISTRATIVE COSTS OF:

1. THE COMPTROLLER TO ADMINISTER THE FUND;

2. THE DEPARTMENT OF AGRICULTURE TO AWARD GRANTS UNDER TITLE 2, SUBTITLE 21 OF THE AGRICULTURE ARTICLE; AND

3. THE OFFICE TO AWARD GRANTS UNDER §§ 9–17A–04 AND 9–17A–05 OF THIS SUBTITLE.

(2) UP TO 10% OF THE ESTIMATED ANNUAL SOLID WASTE SURCHARGE REVENUE MAY BE USED TO COVER REASONABLE ADMINISTRATIVE COSTS UNDER PARAGRAPH (1)(III) OF THIS SUBSECTION.

(3) ON AN ANNUAL BASIS, AFTER COVERING REASONABLE ADMINISTRATIVE COSTS, THE COMPTROLLER SHALL TRANSFER:

(i) 50% OF THE MONEY IN THE FUND TO THE ON–FARM COMPOSTING AND COMPOST USE GRANT FUND ESTABLISHED UNDER TITLE 2, SUBTITLE 21 OF THE AGRICULTURE ARTICLE; AND

(ii) 50% OF THE MONEY IN THE FUND TO THE STATE RECYCLING TRUST FUND ESTABLISHED UNDER § 9–1707(F) OF THIS TITLE.

(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE FUND.

9–17A–04.

(A) OF THE REVENUE TRANSFERRED TO THE STATE RECYCLING TRUST FUND UNDER § 9–17A–03(F)(3)(II) OF THIS SUBTITLE, 50% SHALL BE USED BY THE OFFICE TO PROVIDE GRANTS TO COUNTIES, INCLUDING BALTIMORE CITY AND MID–SHORE COUNTIES, FOR DEVELOPING AND IMPLEMENTING ACTIVITIES THAT ADVANCE WASTE PREVENTION, REUSE, REPAIR, RECYCLING, OR COMPOSTING OR MINIMIZE ILLEGAL DUMPING IN THE STATE, INCLUDING FOR:

(1) DEVELOPING, MAINTAINING, OR EXPANDING LOCAL REUSE, REPAIR, RECYCLING, AND COMPOSTING INFRASTRUCTURE, AS WELL AS INFRASTRUCTURE THAT MINIMIZES ILLEGAL DUMPING;
(2) Developing, maintaining, or expanding local reuse, repair, recycling, and composting programs, as well as programs to minimize illegal dumping;

(3) Encouraging source-separation of uncontaminated materials;

(4) Providing education and technical assistance to public and private entities, including small haulers, to advance waste prevention, reuse, repair, recycling, and composting and to minimize illegal dumping;

(5) Collecting and composting source-separated compostable materials; and

(6) Developing, maintaining, or expanding measures that address and minimize illegal dumping, including measures relating to:

   (I) Community and river clean-ups and campaigns;
   
   (II) Training and resources for small haulers;
   
   (III) Surveillance cameras;
   
   (IV) Drop-off recycling receptacles;
   
   (V) Resource recycling centers that accept a wide range of materials; and
   
   (VI) Alternatives to single-use plastics.

(B) A county may apply for a grant under this section if the county has:

(1) Created a separate account in its general fund to deposit the grant money; and

(2) Established accounting procedures to ensure that grant money in the separate account is spent only in accordance with this section.

(C) (1) A county that is awarded a grant under this section shall report to the Office at the end of each fiscal year on:
(I) The activities undertaken under the grant to increase the county’s proportion of waste diversion, including the specific activities relating to waste prevention, reuse, repair, recycling, and composting;

(II) The activities undertaken under the grant to minimize illegal dumping; and

(III) The gains achieved in waste diversion practices and addressing illegal dumping.

(2) The report required under this subsection:

(I) May be submitted electronically; and

(II) Shall be posted on the county’s website.

9–17A–05.

(A) In this section, “eligible entity” means:

(1) A unit of state or local government;

(2) A local education agency;

(3) An institution of higher education;

(4) A nonprofit organization;

(5) A farmer or rancher;

(6) A business that is:

(I) Operating in the state in good standing; and

(II) Intended to operate at a profit and return a profit to its owners; or

(7) A consortium of any of the entities identified in items (1) through (6) of this subsection.
(B) (1) Of the revenue transferred to the State Recycling Trust Fund under § 9–17A–03(f)(3)(ii) of this subtitle, 50% shall be used by the Office to award grants to eligible entities for:

(i) Developing, maintaining, or expanding local reuse, repair, recycling, and composting infrastructure, as well as infrastructure that minimizes illegal dumping;

(ii) Developing, maintaining, or expanding local reuse, repair, recycling, and composting programs, as well as programs to minimize illegal dumping;

(iii) Encouraging source–separation of uncontaminated materials;

(iv) Providing education and technical assistance to public and private entities, including small haulers, to:

1. Advance waste prevention, reuse, repair, recycling, and composting; and

2. Minimize illegal dumping;

(v) Collecting and composting source–separated compostable materials;

(vi) Enabling restaurants, multifamily housing property managers, small haulers, and other small businesses to develop, maintain, or expand programs and procure necessary equipment for waste diversion and to minimize illegal dumping; and

(vii) Developing, maintaining, or expanding measures that address and minimize illegal dumping, including measures relating to:

1. Community and river clean–ups and campaigns;

2. Training and resources for small haulers;

3. Surveillance cameras;

4. Drop–off recycling receptacles;
5. **Resource Recycling Centers That Accept a Wide Range of Materials; and**

6. **Alternatives to Single–Use Plastics.**

(2) The Office shall ensure that grants awarded under this subsection are awarded equitably among activities relating to waste prevention, reuse, repair, recycling, composting, and minimizing illegal dumping.

(C) An eligible entity may apply for a grant under this section.

(D) (1) The Office shall establish grant application procedures.

(2) The grant application procedures shall include:

(I) A process for facilitating the participation of eligible entities with limited resources;

(II) A simple common application and common reporting format;

(III) A process for authorizing eligible entities to use the entity’s standard annual report and “Letter of Interest” to meet application and reporting requirements;

(IV) A process for submitting applications in writing and through video and audio formats; and

(V) Translation services for applicants to overcome language barriers in the application process.

(E) In awarding grants under this section, the Secretary shall give priority for projects:

(1) For which an applicant clearly describes the project and goals, including a description of how the project will achieve waste prevention, reuse, repair, recycling, or composting goals or prevent illegal dumping in the State;
(2) For which an applicant clearly describes how the project will provide direct, meaningful, and assured benefits to the community and address important community needs;

(3) That reuse, recycle, or compost materials within the local community;

(4) That involve the construction, renovation, or expansion of sites to increase in-State infrastructure for waste prevention, reuse, repair, recycling, or composting in the State;

(5) That serve a marginalized, low-income, or socially disadvantaged community;

(6) That minimize negative impacts and maximize benefits to the local community, including jobs created for the community, job training, or support for hiring and leadership development practices that are inclusive and provide living wages; and

(7) That clean up debris in areas affected by illegal dumping and incorporate components of waste prevention and reuse, repair, recycling, or composting the debris.

9–17A–06.

(A) (1) On or before December 1 each year, beginning in 2023, the Office, in coordination with the Department of Agriculture, shall report to the General Assembly, in accordance with § 2–1257 of the State Government Article, on the grants awarded under Title 2, Subtitle 21 of the Agriculture Article and under §§ 9–17A–04 and 9–17A–05 of this subtitle.

(2) The report shall include:

(I) The number and types of grants awarded; and

(II) The impact of grant awards on:

1. Job creation and other benefits to the State;

2. Waste prevention and diversion; and

3. The quantity of compost utilized by farmers.
(B) Beginning with the report due December 1, 2028, and every 5 years thereafter, in the report required under subsection (A) of this section, the Office shall include a recommendation on whether and to what extent an adjustment to the solid waste disposal surcharge established under § 9–17A–02 of this subtitle is necessary.

Article – State Finance and Procurement

6–226.

(a) (2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

(ii) The provisions of subparagraph (i) of this paragraph do not apply to the following funds:

144. the Health Equity Resource Community Reserve Fund; [and]

145. the Access to Counsel in Evictions Special Fund;

146. THE ON–FARM COMPOSTING AND COMPOST USE GRANT FUND; AND

147. THE ENVIRONMENTAL STEWARDSHIP FUND.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2022.