

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 222

(Senator Augustine, *et al.*)

Education, Energy, and the Environment

Environment and Transportation and
 Economic Matters

Environment - Reducing Packaging Materials - Producer Responsibility

This bill establishes a required framework for producers of packaging materials to create and implement producer responsibility plans for affected products. The Maryland Department of the Environment (MDE) must approve a producer responsibility organization by June 30, 2024, and the organization must register annually beginning July 1, 2024. MDE must procure a statewide recycling needs assessment by April 1, 2025. Producer responsibility plans must be submitted by each producer (either individually or as part of a producer responsibility organization) to MDE for review and approval by April 1, 2026. Beginning on a date set by MDE, a producer may not sell, offer for sale, distribute, or import for sale or distribution packaging materials for use in the State unless the producer has an approved plan. The bill also establishes an advisory council, an ongoing statewide recycling needs assessment requirement for MDE, reporting requirements, and penalties for violations. Each local government must file a specified feasibility plan by December 1, 2024. MDE must adopt implementing regulations.

Fiscal Summary

State Effect: General fund expenditures increase by \$124,000 in FY 2024 for initial staff. Future year expenditures (both general funds and special funds) reflect annualization, inflation, ongoing costs, consultant costs in FY 2025 only, and new staff in both FY 2025 and 2027. Special fund revenues increase by \$501,000 in FY 2025 from initial fees; future year revenues reflect ongoing fees. Fee revenue fully offsets MDE’s costs beginning in FY 2027. State expenditures (multiple fund types) may increase beginning in FY 2027.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
SF Revenue	\$0	\$501,000	\$1,000	\$339,200	\$337,400
GF Expenditure	\$124,000	\$203,400	\$224,100	\$0	\$0
SF Expenditure	\$0	\$501,000	\$1,000	\$339,200	\$337,400
GF/SF Exp.	\$0	\$0	\$0	-	-
Net Effect	(\$124,000)	(\$203,400)	(\$224,100)	(-)	(-)

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

Local Effect: Potential significant increase in local government expenditures in FY 2024 and/or 2025 for at least some local governments to develop and file a feasibility plan. Local finances may also be affected in the out-years, as discussed below. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: Meaningful.

Analysis

Bill Summary: It is the intent of the General Assembly that the bill (specifically, new Title 9, Subtitle 25 of the Environment Article) provide a framework for modernizing and improving waste and recycling systems in the State, as specified, and reimbursing local governments for costs associated with transporting, collecting, and processing packaging materials. Subtitle 25 does not affect the authority of the State or a local jurisdiction to regulate the sale or use of any packaging material. Further, Subtitle 25 may not be construed to (1) prohibit a local government or any other entity from selling recycled materials to compost or end markets and retaining the revenues from those sales; (2) affect the authority of a publicly or privately owned materials recycling facility or organics recycling facility to determine which entities may use the facility; or (3) limit the ability of local governments, materials recycling facilities, or organics recycling facilities to make decisions on recycling infrastructure purchases, including processing equipment.

Key Definitions

“Packaging materials” means, regardless of recyclability, any part of a package or container, including material that is used for the containment, protection, handling, delivery, and presentation of a product that is sold, offered for sale, imported, or distributed in the State. “Packaging materials” includes (1) primary, secondary, and tertiary packaging intended for the consumer market; (2) service packaging designed and intended to be filled at the point of sale (including carry-out bags, bulk good bags, take-out and home delivery food service packaging, and prescription and pharmaceutical packaging); and (3) beverage containers. The term does not include specified items.

A “producer” is a person who is responsible for complying with the bill (Title 9, Subtitle 25 of the Environment Article). A “producer” does not include a local government, a nonprofit charitable organization, or an entity that manufactures a drug or device that is authorized for sale by the U.S. Food and Drug Administration under the Federal Food, Drug, and Cosmetic Act. The bill explicitly specifies who the producer is for several different scenarios depending on how and where a product is packaged, sold, and manufactured.

A “producer responsibility organization” is (1) a producer that individually submits a producer responsibility plan to MDE or (2) a nonprofit organization that is created by a group of producers to implement a producer responsibility plan. A “producer responsibility plan” means a packaging materials producer responsibility plan submitted to MDE by a producer or producer responsibility organization pursuant to the bill.

Exclusions to the Bill’s Applicability

The bill does not apply to a person that, on request by MDE, provides sufficient information to demonstrate that the producer (1) generated less than \$5.0 million in gross revenue during the prior calendar year; (2) sold, offered for sale, or distributed for sale in the State (during the prior calendar year) less than one metric ton of packaging materials; (3) owns or operates a restaurant, food cart, or similar establishment that is headquartered in the State, is not a producer of food service-ware, and primarily sells food that is intended for immediate consumption to members of the public, as specified; (4) owns or operates a single retail sales establishment that has no online sales and is not supplied or operated as part of a franchise or chain; or (5) is licensed under Title 2 of the Alcoholic Beverages Article and generated less than \$10.0 million in gross revenue (during the prior calendar year).

Producer Responsibility Plan Advisory Council

The bill establishes the Producer Responsibility Plan Advisory Council, the purpose of which is to provide advice to MDE and producer responsibility organizations for drafting, amending, and implementing producer responsibility plans. The Secretary of the Environment must appoint advisory council members, as specified. To the extent practicable, membership of the advisory council must represent all geographic regions of the State, large and small counties and municipalities, and the variability in how waste and recyclable and compostable materials are collected and processed in the State. Members of the advisory council may not receive compensation but are entitled to reimbursement for expenses. Among other duties, the advisory council must (1) meet at least quarterly; (2) provide advice regarding the drafting or amending of a producer responsibility plan on request; (3) receive and review the producer responsibility plans and annual reports submitted in accordance with the bill; (4) make recommendations to MDE, as specified; and (5) provide written recommendations regarding the producer responsibility plan to a producer responsibility organization before the plan submission, as specified.

Registration of Producer Responsibility Organizations

By June 30, 2024, MDE must approve a single producer responsibility organization. Beginning July 1, 2024, and annually thereafter, the producer responsibility organization must file a registration form with MDE and pay an annual registration fee to cover the costs

of recordkeeping. The fee may not exceed \$1,000. The registration form must include specified information, including a list of the producers participating in the producer responsibility organization. At the time of the initial registration, the producer responsibility organization must, within 60 days, pay the estimated cost of conducting the initial statewide recycling needs assessment required by the bill (discussed below).

Beginning July 1, 2030, a nonprofit organization may request that MDE designate the nonprofit organization as an additional producer responsibility organization. MDE may designate an additional producer responsibility organization if MDE determines, in coordination with the advisory council, that the designation is necessary to increase recycling rates or improve recycling services for a specific type of packaging material. If MDE approves the designation of an additional producer responsibility organization, the producer responsibility organization must (1) register with MDE within 30 days of approval (and by July 1 annually thereafter) and (2) pay the annual registration fee. The registration form must include specified information. The additional producer responsibility organization must coordinate with the original producer responsibility organization established under the bill, MDE, and local governments, as specified.

The original producer responsibility organization and any additional producer responsibility organizations designated as described above may create a representative organization to represent the participating producer responsibility organizations to implement the bill's requirements.

Development, Review, and Implementation of Producer Responsibility Plans

By April 1, 2026, and every five years thereafter, each producer must submit a producer responsibility plan to MDE for review and approval (either individually or as part of a producer responsibility organization). Before submitting a plan to MDE for review, a producer or producer responsibility organization must consult with, consider written recommendations from, and respond in writing to the advisory council.

Beginning on a certain date determined by MDE and established in regulation, a producer may not sell, offer for sale, distribute, or import for sale or distribution packaging materials for use in the State unless the producer has an approved producer responsibility plan on file with MDE (either individually or as part of a producer responsibility organization). However, a producer is not required to submit a producer responsibility plan to MDE (individually or as part of a producer responsibility organization) if another person has agreed to assume responsibility for the producer's packaging material, as specified.

The bill establishes the minimum content for a producer responsibility plan. Among other things, the plan must (1) identify the producers and brands covered by the plan, as specified; (2) include a number of performance goals that are achievable within five years

for each packaging material type; (3) require participating producers to reduce all packaging material waste to the maximum extent practicable, and by at least 25% for each packaging material type, within five years after the date on which the first version of the plan is approved; (4) include the written recommendations from the advisory council, the producer responsibility organization's written response, and how the written recommendations were considered and addressed in the development plan; and (5) any other information required by MDE. The plan must also describe (1) how the performance goals will be met or exceeded; (2) how staffing and administering the implementation of the plan will be handled; (3) the actions taken or that will be taken for public outreach, education, and communication, as specified; (4) the amount of funding that will be used to improve reuse, composting, and recycling in the State; and (5) the process by which a local government may request reimbursement for costs associated with transporting, collecting, and processing packaging materials that are identified in the plan, as specified.

In addition, the plan must also describe the financing method that will be used by a producer or producer responsibility organization to implement the plan. Among other things, the financing method must (1) provide the method for either direct investments or reimbursements for improving infrastructure for reuse, organics recycling, and recycling, as specified; (2) provide a reasonable annual rate per ton of recycled or composted packaging materials for reimbursing local governments for specified costs; (3) establish a fee structure for participating producers that is set to cover specified implementation and administrative costs (including implementing the strategy in the plan to improve reuse, organics recycling, and recycling in the State); (4) describe the incentives to encourage participating producers to engage in waste reduction and recycling activities; (5) describe the disincentives to discourage designs or practices that increase the cost of managing packaging materials; and (6) meet any other requirement established by MDE by regulation.

The financing method must be evaluated by an MDE-designated independent financial auditor to ensure that the costs of implementing the plan are covered. The mandatory reimbursement rate and fee structure must meet specified requirements and metrics, and the producer responsibility organization must take specified actions before establishing the fee structure. The funding used to improve reuse, composting, and recycling must include specified investments and give priority to specified existing infrastructure. A producer responsibility organization must retain any fee collected in its own account. MDE may request an audit of a producer responsibility organization's financial records at any time.

Based on the results of the statewide recycling needs assessment (discussed below), MDE, in coordination with a producer responsibility organization, must establish performance goals for each packaging material type using a baseline year that is informed by the statewide recycling needs assessment, including establishing recycling rate goals for each packaging material type at 5-, 10-, and 15-year intervals.

MDE must review the producer responsibility plan, and within 120 days, either approve, approve with conditions, or reject a plan submitted for review. The bill establishes several considerations MDE must take into account when making a determination regarding a producer responsibility plan. Within 60 days of plan approval, a producer responsibility organization must pay to MDE (1) MDE's costs of reviewing the plan review costs and (2) MDE's estimated costs to administer, oversee, and enforce the plan between the initial approval date and the date of the initial annual report.

In addition to reviewing the producer responsibility plan(s), MDE must also review the work product of the independent financial auditor designated by MDE to evaluate the financing component of the producer responsibility plan(s).

A producer responsibility organization must implement a producer responsibility plan within six months after the date the plan is approved by MDE. An approved plan expires after five years, but MDE may rescind approval of a producer responsibility plan at any time for good cause. Additionally, a producer responsibility plan may continue beyond five years if it is renegotiated, renewed, or amended and approved by MDE in accordance with the bill. If, based on the annual report submitted, specified performance goals have not been met, MDE may require a plan amendment or impose an administrative penalty on a producer responsibility organization (discussed more below). If MDE requires a producer responsibility organization to amend the plan, the producer responsibility organization must cover MDE's costs, as specified.

By March 1, 2027, and annually thereafter, each producer responsibility organization that has an approved producer responsibility plan on file with MDE must submit a report to MDE on the progress toward meeting producer responsibility plan requirements and goals for the immediately preceding year. The annual report must include specified information. Any financial, production, or sales data reported to MDE by a producer responsibility organization must be kept confidential, as specified. Other than confidential information, the annual report must be posted on MDE's website and on the producer responsibility organization's website. Along with the annual report, a producer responsibility organization must also submit payment for MDE's estimated costs for administering, overseeing, and enforcing the plan for the next year.

Local Feasibility Plans and Reimbursement for Local Governments

By December 1, 2024, each local government in the State must file a feasibility plan with MDE that prioritizes the sale of recycled packaging materials back to manufacturers that have a manufacturing facility in the State.

A local government may request reimbursement from a producer responsibility organization that has an approved producer responsibility plan for costs associated with

collecting, transporting, and processing packaging materials listed under the plan, in accordance with (1) the producer requirements established under an approved producer responsibility plan and (2) any other requirement that MDE has adopted. If multiple producer responsibility organizations register approved producer responsibility plans with MDE, the producer responsibility organizations must coordinate reimbursement requested. This coordination may be conducted by a third-party entity. A local government is not authorized to request reimbursement for costs associated with composting materials that are not packaging materials.

Legal Immunities and Penalties

Any person participating in a producer responsibility plan in compliance with the bill is immune from liability under State law relating to antitrust and restraint of trade for any cooperated activities arising out of the recycling, reuse, and disposal of packaging materials and products.

Current law provisions under §§ 9-334 through 9-344 of the Environment Article apply to enforce violations of the new Title 9, Subtitle 25 of the Environment Article, and any regulations adopted or orders issued pursuant to Subtitle 25. Additionally, a producer or producer responsibility organization that violates new Subtitle 25 is subject to an administrative penalty of \$5,000 for a first violation, an administrative penalty of \$10,000 for a second violation, and a civil penalty of \$20,000 for a third or subsequent violation. Before imposing a penalty on a producer, MDE must first issue a written notice of violation to the producer and give the producer an opportunity to correct the violation within 60 days of receipt of the written notice. After the 60-day period, each day that a violation continues is a separate violation.

Additionally, as mentioned above, MDE may impose an administrative penalty on a producer responsibility organization if, based on an annual report submission, the performance goals have not been achieved. The administrative penalty may not exceed \$250,000.

Any penalty collected by MDE under new Title 9, Subtitle 25 of the Environment Article must be paid into the existing State Recycling Trust Fund.

Office of Recycling Statewide Recycling Needs Assessment

MDE's Office of Recycling must hire an independent consultant to conduct a statewide recycling needs assessment at least once every 10 years, or as recommended by the Producer Responsibility Plan Advisory Council, that includes specified analyses and evaluations, addresses a variety of topics, and makes certain recommendations related to the State's recycling system and extended producer responsibility programs, among other

things. By April 1, 2025, and every 10 years thereafter, or as recommended by the advisory council, the Office of Recycling must report the results of the most recent assessment to the Governor and the General Assembly. When conducting the assessment, the independent consultant must consult with producer responsibility organizations, the advisory council, appropriate local government entities, and regional solid waste organizations in the State. The Office of Recycling must establish and collect a fee that is paid by producer responsibility organizations to cover the costs to conduct the assessments. Before establishing and collecting a fee, the Office of Recycling must publish the proposed fee on its website and allow 90 calendar days for public comment. Fee revenue is paid into the State Recycling Trust Fund.

Expanded Fund Sources and Uses of the State Recycling Trust Fund and New Account

The fund sources for the State Recycling Trust Fund are expanded to include any fees collected from producer responsibility organizations. The authorized uses of the State Recycling Trust Fund are expanded to include covering the cost of conducting the statewide recycling needs assessments and producer responsibility plan review, oversight, and enforcement. The bill requires the establishment of a separate account within the fund that consists of any fees collected from producer responsibility organizations and all fines and penalties collected under new Title 9, Subtitle 25 of the Environment Article. The separate account may only be used for the costs of the statewide needs assessment and producer responsibility plan review, oversight, and enforcement.

Current Law: Maryland does not require any kind of specific product producer responsibility for packaging materials. However, a person is prohibited from selling or offering for sale in the State an expanded polystyrene food service product, and a food service business or school is prohibited from selling or providing food or beverages in an expanded polystyrene food service product.

The solid waste infrastructure in Maryland consists of both permitted and nonpermitted facilities, and solid waste is managed through a combination of recycling, composting, landfilling, energy recovery, and exporting for disposal or recycling. There are several examples of regional waste management partnerships in the State.

Maryland's recycling policy is guided by the Maryland Recycling Act (MRA), 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 recycle at least 20% or 35% of the county's solid waste stream, depending on the county's population. Each county (including Baltimore City) must also 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.

MDE's Office of Recycling submits annual reports, in coordination with the Maryland Environmental Service, to the Governor and the General Assembly on specified information related to recycling in Maryland. Beginning in 2009, MDE has 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*.

The State Recycling Trust Fund is a special fund that is used to carry out the purposes of MDE's Land Management Administration and to provide grants to (1) counties to develop and implement local recycling plans; (2) counties that have addressed methods for the separate collection and recycling of covered electronic devices; and (3) municipalities to be used to implement local covered electronics device recycling programs.

Sections §§ 9-334 through 9-344 of the Environment Article establish enforcement provisions that apply, broadly speaking, to violations of Title 9, Subtitle 3 of the Environment Article, which addresses water pollution control. In addition to being subject to an injunctive action, a person who violates the State's water pollution control laws, or any regulation, order, or permit issued under these laws is subject to a maximum penalty of \$10,000 to be collected in a civil action brought by MDE. Each day a violation occurs is a separate violation. MDE may also impose a maximum administrative penalty of \$10,000 per violation and \$100,000 total for a violation of any water pollution control law, regulation, order, or permit. Each day a violation occurs is a separate violation. Administrative penalties must be assessed with consideration given to specified factors. Criminal (misdemeanor) penalties may also be imposed, with a maximum fine of \$25,000 and/or imprisonment for up to one year for a first offense and a maximum fine of \$50,000 and/or imprisonment for up to two years for a subsequent offense. Each day on which a violation occurs is a separate violation. Additional criminal penalties apply for making false statements in required documents.

State Fiscal Effect:

Maryland Department of the Environment Administrative Costs and Related Fee Revenue from Producer Responsibility Organizations

The bill contemplates that producer responsibility organizations (which includes the producer responsibility organization and individual producers) will fully fund, through fees paid to MDE, MDE's costs to implement the bill. However, those entities are not required to submit their plans until April 1, 2026 (fiscal 2026). MDE has 120 days to approve plans once they are submitted, and producer responsibility organizations have 60 days from plan

approval to pay MDE for its costs. MDE begins to incur costs, however, in fiscal 2024. While some fee revenue begins to accrue in fiscal 2025 (from the initial registration fee and the needs assessment fee paid by the producer responsibility organization), fee revenue will not fully offset MDE's costs until fiscal 2027 (when it is assumed that most plans are approved and producer responsibility organizations must pay fees to cover MDE's plan review and implementation costs). Accordingly, for purposes of this analysis, it is assumed that general funds are needed in fiscal 2024 through 2026 to supplement the special funds that are available in those years (as discussed below).

Administrative Costs: General fund expenditures increase by \$123,975 in fiscal 2024, which accounts for the bill's October 1, 2023 effective date. MDE expenditures increase by a total of \$704,445 in fiscal 2025 (\$203,445 in general funds and \$501,000 in special funds) and by \$225,132 in fiscal 2026 (\$224,132 in general funds and \$1,000 in special funds). Special fund expenditures increase by \$339,165 in fiscal 2027. These estimates reflect the cost of hiring two natural resources planners in fiscal 2024, one additional natural resources planner in fiscal 2025, and one environmental compliance specialist in fiscal 2027.

The initial two natural resources planners are hired in fiscal 2024 to begin implementing the bill by (1) identifying MDE's administrative costs and planning; (2) conducting outreach, identifying, and registering the producer responsibility organization as well as designating the independent financial auditor; (3) developing and promulgating regulations; and (4) staffing the advisory council and conducting related duties. The third natural resources planner is hired in fiscal 2025 to (along with the initial employees) (1) review local feasibility plans; (2) hire an independent consultant to conduct the statewide recycling needs assessment and write the required report; (3) review producer responsibility plans, the work product of the independent financial auditor, and annual reports; and (4) post annual reports online. The environmental compliance specialist is hired in fiscal 2027 to (1) conduct compliance inspections and investigate complaints and (2) generally implement and enforce the bill once the producer responsibility plans are in place. These estimates include salaries, fringe benefits, one-time start-up costs, ongoing operating expenses, and costs to hire a consultant to conduct the statewide recycling needs assessment in fiscal 2025. The information and assumptions used in calculating the estimate are stated below:

- although not explicitly required by the bill, MDE must staff the advisory council;
- the bill applies to a large number of producers, who are not already known by MDE, requiring a significant amount of outreach and administrative organization;
- MDE must review a relatively large number of producer responsibility plans on an ongoing basis; and

- in order to establish a robust producer responsibility program in the State, MDE needs to hire additional staff.

	<u>Fiscal 2024</u>	<u>Fiscal 2025</u>	<u>Fiscal 2027</u>
Positions (New)	2.0	1.0	1.0
Salaries and Fringe Benefits (Total)	\$107,377	\$193,107	\$290,623
Vehicle Purchase	0	0	32,000
Consultant Costs	0	500,000	0
Other Operating Expenses	<u>16,598</u>	<u>11,338</u>	<u>16,542</u>
Total MDE Administrative Costs	\$123,975	\$704,445	\$339,165

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. As noted above, beginning in fiscal 2027, it is assumed that all costs incurred by MDE are covered with special funds.

Fee Revenue: Special fund revenues increase by an estimated \$501,000 in fiscal 2025 from fees paid by the producer responsibility organization, which reflect (1) the annual registration fee (assumed to be \$1,000, the maximum fee authorized by the bill) and (2) the fee to cover MDE’s costs associated with hiring an independent consultant to conduct the first statewide recycling needs assessment (estimated at \$500,000). Beginning in fiscal 2026, special fund revenues from registration fees paid by the producer responsibility organization total \$1,000 annually (again, assuming the maximum fee is established).

As discussed above, based on the deadlines established in the bill, it is assumed that fees paid by a producer responsibility organization (which includes the producer responsibility organization and individual producers) to pay for MDE’s plan review costs and the estimated costs to administer, oversee, and enforce the plan between the initial date of approval and the initial annual report submission (March 1, 2027) likely do not accrue until fiscal 2027. Accordingly, beginning in fiscal 2027, special fund revenues from fees paid by producer responsibility organizations fully offset MDE’s administrative costs.

When submitting annual reports, producer responsibility organizations must pay MDE for MDE’s estimated costs to administer, oversee, and enforce the plan for the *following year*. MDE may also recoup any additional plan review costs associated with amended producer responsibility plans and any related supplemental work. Thus, special fund revenues continue to fully offset MDE’s expenditures in the out-years.

State Agencies as Consumers of Affected Products

State expenditures (multiple fund types) could increase, likely not until fiscal 2027, due to any increase in the price to purchase packaging materials that may result from the bill.

However, the magnitude of any such increase in costs is unknown and depends largely on the specifics of the approved producer responsibility plans.

Penalty Revenue

Special fund revenues to the State Recycling Trust Fund may increase minimally, likely not before fiscal 2025, from any penalties collected pursuant to the bill.

Local Fiscal Effect: Local expenditures likely increase, potentially significantly for some local governments, in fiscal 2024 and/or 2025 to develop and file a feasibility plan with MDE by December 1, 2024. The feasibility plans must prioritize the sale of recycled packaging materials back to manufacturers that have a manufacturing facility in the State. Although the costs to develop the plans likely vary by jurisdiction, to the extent that a local jurisdiction must hire a consultant to develop the plan, local expenditures likely increase by at least \$100,000. To the extent that the plans must be updated in the future, local expenditures may increase in future years as well.

Additionally, the bill likely affects recycling streams, which are often managed by local governments. This change means local revenues and expenditures are likely affected, although the overall impact on local jurisdictions depends largely on the content of the producer responsibility plans, which cannot be predicted. Even so, local revenues likely increase from reimbursements from producers to offset local costs to collect, transport, and process packaging materials that are listed under a producer responsibility plan. Local governments may also benefit from the diversion of packaging materials from landfills and an increase in recycling rates, which assists counties in meeting their mandatory recycling rates under MRA.

Similar to the impact described above at the State level, expenditures for local governments as consumers of packaging materials may increase, likely not until fiscal 2027.

Small Business Effect: Although it is anticipated that the bill primarily affects larger businesses that meet the minimum gross revenue and tonnage of packaging materials under the bill, the bill results in significant additional operational responsibilities, and potentially significant costs, for affected producers that are small businesses to develop and implement producer responsibility plans for packaging materials. Additionally, similar to the impact described above at the State and local levels, there could be an increase in costs for small businesses as consumers of packaging materials. On the other hand, the bill's performance goals could incentivize the development of small businesses in the State that recycle packaging materials or that supply raw materials used to manufacture compliant packaging materials.

Additional Information

Prior Introductions: Similar legislation has been introduced within the last three years. See HB 307 and SB 292 of 2022.

Designated Cross File: HB 284 (Delegate Love, *et al.*) - Environment and Transportation and Economic Matters.

Information Source(s): Maryland Environmental Service; Frederick and Somerset counties; Northeast Maryland Waste Disposal Authority; cities of Frederick and Havre de Grace; Maryland Department of the Environment; Maryland Department of Health; Department of Legislative Services

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