



January 21st, 2021

The Honorable Paul G. Pinsky, Chair
Senate Education, Health, and Environmental Affairs Committee
2 West, Miller Senate Office Building
Annapolis, Maryland 21401

Re: Senate Bill 116 - Department of the Environment – Office of Recycling – Recycling Market Development

Dear Chair Pinsky and Members of the Committee:

The Maryland Department of the Environment (MDE) has reviewed Senate Bill 116 entitled *Department of the Environment – Office of Recycling – Recycling Market Development* and would like to provide information regarding this bill.

This bill would require MDE’s Office of Recycling to promote the development of markets for recycled materials and recycled products in the state. The bill lays out a number of tasks to serve that purpose, including researching and evaluating available and potential markets for recyclable materials, types and quantities of recyclable materials generated in Maryland, opportunities for businesses in Maryland to use recycled materials, and existing funding mechanisms for recycling market development. The bill would also require MDE to collect information from and conduct outreach to a number of external entities, including businesses to promote a “Maryland is open for recycling business” campaign and state and local agencies and private organizations to coordinate market development activities. Finally, MDE would be required to report annually to the General Assembly on recycling market development activities conducted under the bill.

MDE supports efforts that incentivize the development of a strong recycling market that will enable Maryland to divert more of its solid waste stream from disposal. On June 27, 2017, the governor signed an executive order that reaffirms Maryland's commitment to waste reduction and recycling by emphasizing collaboration across state and local agencies, the private recycling sector, and citizens in order to establish and make meaningful progress towards waste diversion goals. As part of these efforts, MDE and the Maryland Department of Commerce have coordinated to provide prospective recycling businesses with business startup and recycling permitting information through multi-agency meetings and on the agencies’ websites.

Strong markets for recyclable materials are critical to the success of recycling programs. While it is not always readily apparent to consumers, there are real costs involved in collecting, sorting, and processing recyclables for return to the market. Strong markets ensure that there is a reliable, sustainable source of funding to offset these costs and keep recycling programs running. Beginning in 2017, China announced a series of actions that limited the import of recyclable

materials from abroad, including the U.S. These actions included tighter quality standards and outright bans on certain materials. These changes, along with resulting changes in other overseas markets, led to decreased markets for certain recyclables. In Maryland, some local governments and private recyclers reported significantly increased net costs for recycling programs as a result. While this market issue poses a significant challenge for local recycling programs in Maryland and elsewhere, there are positive developments as well. Many local governments and MDE have renewed outreach to consumers to recycle correctly, in an effort to reduce contaminants in the recycling stream and improve the value of recyclables.

Additionally, according to the Northeast Recycling Council's (NERC) January 2021 "Domestic Recycled Paper Capacity Increases – Updated" report, North America paper mills are beginning to meet the market challenge by expanding their recycled paper processing capacity (<https://nerc.org/news-and-updates/breaking-news>). The report lists 31 paper mills that have either built or announced plans to build new capacity. The list includes new paper mills, the conversion of existing paper mills to produce different recycled products, as well as two paper mills that will use feedstock other than old corrugated containers and residential mixed paper (e.g., food contaminated paper from commercial sources). Although the ultimate expansion of recycled paper capacity in North America is dependent upon the economy and demand for final products, the report states the completed and planned increases in recycled paper capacity represent a potential total increase in consuming capacity of more than 5 million tons per year of old corrugated containers and mixed paper and 1 million tons per year of recycled pulp. To some extent, a growth in plastics processing capacity is anticipated as well.

Thank you for your consideration. We will continue to monitor Senate Bill 116 during the Committee's deliberations, and I am available to answer any questions you may have. Please feel free to contact me at 410-260-6301 or by e-mail at tyler.abbott@maryland.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Tyler Abbott", written over a horizontal line.

Tyler Abbott

cc: The Honorable Cheryl C. Kagan
Kaley Laleker, Director, Land and Materials Administration