

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF POLICY ANALYSIS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Ryan Bishop
Director

March 9, 2021

The Honorable Terri L. Hill, M.D.
214 House Office Building
Annapolis, Maryland 21401-1991

Dear Delegate Hill:

This letter is in response to your request for an analysis of the fiscal effect of House Bill 1146 as proposed to be amended by Amendment HB1146/543926/1. Below, please find preliminary information regarding the State, local, and small business effects of the bill as proposed to be amended.

State Fiscal Effect

Maryland Department of the Environment Administrative Costs

Under the bill as proposed to be amended, the Maryland Department of the Environment (MDE) anticipates hiring a contractor to review the initial mattress stewardship plan; after the initial plan is reviewed, MDE anticipates using existing staff to review the required annual reports. Although producers may participate individually or jointly through a representative organization, similar programs in other states are generally only carried out by a single representative organization (the Mattress Recycling Council) under a single program plan. As such, MDE assumes, and the Department of Legislative Services concurs, that it is likely that MDE reviews only one plan (in fiscal 2022) and one annual report each year. It is assumed that the plan is submitted for initial review in fiscal 2022, since the plan must be submitted by July 1, 2022.

Thus, special fund expenditures from the State Recycling Trust Fund increase by at least \$100,000 in fiscal 2022 for MDE to review the proposed plan and minimally annually thereafter to review the annual reports. Special fund revenues increase correspondingly (by at least \$100,000 in fiscal 2022 and minimally annually thereafter) from the required plan and report review fees. MDE's Office of Recycling can provide local communities with the required information using

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existing budgeted resources. It is assumed that MDE is also able to review the work of the independent financial auditor using existing resources.

State Agencies as Consumers of Mattresses

State expenditures (multiple fund types) increase minimally, likely beginning in fiscal 2023, for any State agency that purchases mattresses (such as State institutions of higher education, State correctional facilities, residential facilities, and hospitals) due to the mattress stewardship assessment established by the bill as proposed to be amended. Based on similar programs in other states, this assessment is likely no more than \$16 per mattress.

Local Fiscal Effect

As a consumer of mattresses, any local government agency that purchases mattresses (such as local correctional facilities and community colleges) must pay the mattress stewardship assessment. Thus, local government expenditures increase minimally, likely beginning in fiscal 2023, to purchase mattresses.

Local government expenditures for waste management activities could be affected depending on the disposal methods identified in the mattress stewardship plan and the ultimate implementation of the plan. However, the actual impact on local governments is largely unknown. Because the mattress stewardship plan must minimize public sector involvement in and financial responsibility for the management of mattress disposal, local waste management costs at landfills may decrease as a result of the diversion of discarded mattresses under the program. Further, costs may decrease for local governments that currently collect mattresses to the extent that the bill as proposed to be amended creates additional collection opportunities other than through local collection programs. Local revenues generated from tipping fees and the sale of recyclable materials at landfills and resource recovery facilities could also be affected. If more mattresses and box springs are recycled, it could assist counties in meeting their mandatory recycling rates under the Maryland Recycling Act. Finally, increased collection opportunities could reduce the illegal dumping of mattresses, thereby decreasing local expenditures for litter collection. However, the overall effect on local finances cannot be estimated at this time.

Small Business Effect

The bill as proposed to be amended results in potentially significant additional operational responsibilities for producers, retailers, and distributors of mattresses in the State, as they are required to (1) add a mattress stewardship assessment to the cost of all mattresses sold and (2) account for those assessments and remit them to the representative organization. Producers and/or retailers must also (1) verify that all mattresses sold in the State are in compliance with an approved program and (2) collect and/or submit data necessary for required annual reports. On the other hand, retailers who choose to act as a postconsumer mattress collection site may benefit if

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they are able to attract additional customers to their stores as a result. Several retailers affected by the bill are likely considered small businesses.

As a consumer of mattresses, small businesses (such as hotels) that purchase mattresses incur minimal costs to pay the mattress stewardship assessment established by the bill. On the other hand, small businesses may benefit from having viable options for disposing of and managing post-consumer mattresses.


Depending on the disposal plans identified under the mattress stewardship plan, and to the extent that small businesses are able to work with retailers, producers, and/or a representative organization, small businesses that are engaged in mattress recycling, reuse, or collection/transportation may benefit from new business opportunities. However, small business waste disposal companies that do not specialize in the handling of those recyclable materials may incur a loss of business.

Additional Comments

Beginning January 1, 2026, when the bill's prohibition relating to the disposal of mattresses in landfills takes effect, it is unclear what happens to mattresses that are unable to be recycled due to contamination or other reasons. For example, if a hospital needs to dispose of a mattress that is contaminated and must be handled as special medical waste, under the bill as proposed to be amended, the mattress may need to be shipped out-of-state to be landfilled or incinerated.

I trust this letter is responsive to your request. Please feel free to email me at kathleen.kennedy@mlis.state.md.us if you have any questions.

Sincerely,


Kathleen P. Kennedy
Senior Policy Analyst

KPK/msr

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop
Ms. Lesley G. Cook