



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB 292
Extended Producer Responsibility for Packaging

What this bill does

This bill provides a mechanism for the Maryland Department of the Environment to implement Extended Producer Responsibility (EPR) for Packaging. MDE will oversee an EPR for packaging system that shifts the costs of recycling from taxpayers and local governments to producers of packaging and incents producers to make smarter packaging choices.

The bill creates the outline for a system in which producers will reimburse local governments for existing recycling services/operations AND fund infrastructure investments to improve recycling. The bill also incentivizes producers to meet environmental goals for reducing packaging, using post-consumer recycled content in packaging, and improving recyclability.

This EPR system will:

- Reduce packaging waste
- Increase demand for post-consumer recycled material - strengthening recycling markets.
- Improve recycling infrastructure
- Make better use of taxpayer dollars - saving local governments money

How the EPR system works

First, MDE will undertake a needs assessment in partnership with local governments to assess the state of recycling and composting infrastructure and processes in the state. After this assessment, producers that make packaging choices for products sold in Maryland create a Producer Responsibility Organization (PRO). Each PRO creates a plan that must be approved by MDE. The plan must detail performance goals for reducing packaging, using post-consumer recycled content in packaging, increasing the recyclability of packaging, and improving recycling rates. The plan must also detail how the PRO will reimburse local governments for recycling services and fund the modernization of recycling infrastructure. An Advisory Council composed of diverse stakeholders—including local government, collectors, processors, PROs, environmental advocates, and residents—provides input on the plans and to MDE.

Why this bill matters

Maryland taxpayers currently bear the sole burden of paying to manage and dispose of waste, including packaging, through local governments. However, local governments and taxpayers have no say in decisions made by producers about packaging type.

Packaging decisions made by producers can have a dramatic impact on local government budgets. In late 2020, the [Director of Montgomery County's Department of Environmental Protection highlighted](#) the economic and environmental implications of a simple packaging material decision through the example of two nearly identical cups. Montgomery County lacks the infrastructure to recycle #6 plastic (polystyrene) cups. A #6 cup costs the county \$135 per ton

to remove from the recycling stream and incinerate. On the other hand, a nearly identical #1 plastic (polyethylene terephthalate) cup can easily be recycled and sold for a profit of \$375 per ton. However, producers currently have no incentive to choose #1 plastic over #6 plastic and taxpayers are left footing the bill. This bill can help remedy that problem.

EPR for packaging exists in countries around the world and in many Canadian provinces. EPR for packaging was recently passed in China and India. Nations with well-established EPR for packaging programs have higher recycling rates (70-80% in Europe vs. 50% in U.S.) and lower rates of contamination in the recycling stream (8% in British Columbia vs. 25% in the U.S.). [The European Union receives \\$5.5 billion annually from the packaging industry to fund its recycling systems.](#)

EPR for packaging is gaining momentum in the U.S. with **bipartisan support**. Maine and Oregon passed legislation in 2021, and several other states are currently considering EPR for packaging with bipartisan support (CA, CO, CT, HI, IL, IN, MA, NY, VT, WA). Maryland taxpayers should not be left behind footing recycling bills that their counterparts in other states are not.

Why you should vote for this bill

Amidst the collapse of international recycling markets, the rise of e-commerce, and growing concern over climate change, Maryland's local governments are struggling to manage residential waste. In 2020, The Maryland General Assembly's Workgroup on Waste Reduction and Recycling surveyed all counties on recycling and waste in the summer of 2020. Several themes emerged from Maryland counties' responses: (1) Packaging waste is increasing due to over packaging and the rise of e-commerce and landfills are nearing capacity with little room to expand. *Therefore, reducing waste and increasing recyclability and compostability of packaging is critical.* (2) Variable recycling markets are upending local government budgets. For example, in 2010, Baltimore City made \$598,325 in revenue from its recycling program; in 2019, the City's recycling system bore a loss of \$1,636,136. Similarly, Charles County made \$30,000 in revenue through recycling in 2015 and faced a loss of \$700,000 in 2019. The cost of running Frederick County's recycling program doubled in just three years, with a cost increase of 99% from 2017 to 2020. *Many Maryland counties specifically requested the development of markets for recycled materials, funding for recycling programs, and/or EPR programs.*

This bill will support local governments, make better use of taxpayer dollars, bring needed infrastructure investments to our recycling systems, and help the environment. **I urge you to vote favorably on SB 292.**

Extended Producer Responsibility (EPR) for Packaging Materials HB307/SB292



The Problem

- ◆ Maryland taxpayers pay to manage and dispose of waste, including packaging. **Local governments and taxpayers have no say in decisions made by producers about packaging type.**
- ◆ Packaging waste is increasing due to over-packaging. Yet, Maryland's recycling infrastructure is outdated, fragmented, and insufficient.
- ◆ The market value of recycled content has plummeted since China's National Sword policy in 2018.

Baltimore City: \$598,325 in **revenue** in 2010 → \$1,636,136 **loss** in 2019
Charles County: \$30,000 in **revenue** in 2015 → \$700,000 **loss** in 2019
Frederick County: cost increased by 99% from 2017 to 2020

Example: Packaging choices impact local gov't budgets.

Montgomery County lacks the infrastructure to recycle #6 plastic cups. Therefore, #6 cups **cost** the county \$135 per ton to remove from the recycling stream and incinerate. On the other hand, **nearly identical** #1 plastic cups can easily be recycled and **sold for a profit** of \$375/ton. However, producers have no incentive to choose #1 over #6 cups.

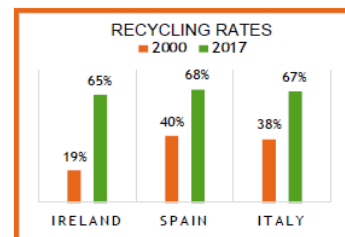
The Solution: EPR for Packaging

EPR for packaging **shifts costs of recycling from taxpayers and local governments to producers of packaging and requires producers to make smarter packaging choices.**

- ◆ Provides reimbursement for recycling operations and funding to modernize recycling infrastructure to meet local governments' needs.
- ◆ Sets environmental goals for reducing packaging, using postconsumer recycled content in packaging, and improving recyclability and recycling rates of packaging.
- ◆ Creates more reliable markets for recycled content to increase profits for local governments.

Evidence for EPR

- ◆ EPR for packaging exists in countries around the world and many Canadian provinces.
- ◆ Nations with well-established EPR for packaging programs have higher recycling rates (70-80% in Europe vs. 50% in U.S.) and lower rates of contamination in the recycling stream (8% in British Columbia vs. 25% in the U.S.).
- ◆ Europe receives \$5.5 billion annually from packaging industry to fund recycling.
- ◆ EPR for packaging is taking off in the U.S. with bipartisan support:
 - ◆ Legislation was passed by Maine and Oregon in 2021 and is being considered at the federal level and in at least 11 other states (CA, CO, CT, HI, IL, IN, MA, MD, NY, VT, WA).
- ◆ In a 2020 statewide survey, many Maryland counties specifically requested the development of markets for recycled materials, funding for recycling programs, and/or EPR programs.



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How It Works



- ◆ **Maryland Department of the Environment (MDE)** conducts a needs assessment in partnership with local governments on recycling infrastructure and processes in the state.
- ◆ Producers that make packaging choices (e.g., Amazon, Walmart, Unilever, Procter & Gamble) create a **Producer Responsibility Organization (PRO)**. Each PRO creates a **Producer Responsibility Plan** approved by MDE. The plan must detail:
 1. Performance goals for reducing packaging, using postconsumer recycled content in packaging, and improving recyclability and recycling rates of packaging
 2. How the PRO will fund the modernization of recycling infrastructure and reimburse local governments for recycling operations
- ◆ An **Advisory Council** comprised of stakeholders (e.g., local gov't, collectors, processors, PROs, environmental advocates, residents) provides input on the plan.

Why It Matters

This bill will:

- ✓ Make better use of taxpayer dollars, save local governments money, and increase profits from recycling
- ✓ Improve recycling infrastructure and strengthen recycling markets
- ✓ Reduce packaging waste

