

**TESTIMONY TO THE MARYLAND HOUSE OF DELEGATES  
COMMITTEE ON ENVIRONMENT & TRANSPORTATION**

**HB 1318 – Solid Waste Disposal Surcharge and Wasted Food Reduction and Diversion Fund and Grant Programs**

**Position: Support**

**March 1, 2024 Public Hearing**

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Institute for Local Self-Reliance 1200 18th Street, NW, Suite 700, Washington, DC 20036

Dear Members of the Committee,

**The Institute for Local Self-Reliance urges a favorable report on HB 1318 – Solid Waste Disposal Surcharge and Wasted Food Reduction and Diversion Fund and Grant Programs.** This bill would establish significant and needed funding for diverting wasted food and other organics from landfills and incinerators, including food rescue, composting, and a transition to durable food service ware.

Maryland has made significant legislative progress in promoting recycling and composting. What is still lacking is funding for more programs and infrastructure, for everything from education and outreach to equipment for farmers. We thank Vice Chair Regina T. Boyce for bringing this legislation forward to establish funds and grant programs to support a wide range of eligible projects throughout the state.

Key reasons to support this bill include:

- Maryland’s recycling level has stagnated and landfills are approaching capacity.
- Maryland’s landfills are emitting four times more methane than previously estimated.
- More programs focused on wasted food prevention, reuse, repair, and composting are needed in Maryland. For instance, in 2021, less than 23% of the 1,060,014 tons of wasted food in Maryland was recycled,<sup>1</sup> and a major report found that policies to fund and incentivize food waste reduction and composting in Maryland are weak.<sup>2</sup>
- HB264, passed in the 2021 session, requires large food waste generators to divert their wasted food if capacity exists. HB1318 now creates a tremendous opportunity to support farmers in creating some of that needed capacity and in using compost produced in the state. An influx of diverted food waste will require expanded processing capacity at all levels (including community-scale and farm composters).
- We have heard first-hand testimony from other states (including Ohio, Pennsylvania, New Jersey, Wisconsin, Indiana, Minnesota, North Carolina and Iowa) who have a similar disposal surcharge to waste diversion mechanism in place. These states have shared that their programs have had positive impacts on their local communities, economies, and the environment. Wisconsin’s \$7 per ton recycling fee, for instance, generates \$37 million to \$40 million per year in funding. Even

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<sup>1</sup> Source: Maryland Dept. of the Environment website, [“Solid Waste Management - Organics Recycling and Waste Diversion - Food Residuals.”](#) 819,846 tons were disposed of in landfills and incinerators. Only 240,168 tons were recycled or diverted as animal feed.

<sup>2</sup> Source: Natural Resources Defense Council, [Maryland Food Waste Policy Gap Analysis and Inventory](#). October 2021 (p. 13).

states such as Indiana with a small per ton fee have had tremendous impact. In 2020, its \$1.8 million in grant funding created 47 new jobs and diverted 85,000 tons in new material from disposal. Why not Maryland too?

- The New York State's new Solid Waste Management Plan calls for a \$5/ton surcharge as one of its three top legislative priorities.
- The grant programs will help Maryland businesses develop and expand their food waste diversion efforts. It will also provide direct funding to counties to fund a wide range of projects.
- The bill has a built-in funding mechanism. This is not an unfunded mandate on the state.
- This bill complements HB 735 – The Beverage Container Recycling Refund and Litter Reduction Program, which would establish a deposit on beverage containers in the state.
- Expanding waste prevention, reuse, repair, recycling, and composting brings myriad benefits and co-benefits to Maryland: jobs, Bay protection, cleaner air and water, climate protection (see, for example, the attached infographic: [How Composting Combats the Climate Crisis](#)).

Since the bill's first introduction in the 2022 session, there have been a number of changes based on conversations with numerous stakeholders to address their concerns and suggestions to improve this bill. ILSR, with the guidance of Vice Chair Boyce, has gathered input from numerous stakeholders in order to get this bill to fit Maryland's unique landscape. Some of these stakeholders include the Maryland Association of Counties, Prince George's County Department of the Environment, Maryland Clean Water Action, US Composting Council's Maryland-DC Chapter, and others. More recently, ILSR collaborated extensively with the Maryland Department of Environment and Department of Agriculture to ensure the bill filled programmatic gaps and was implementable by the agencies. As a result of these collaborations, major changes include:

- Dropping the per-ton surcharge from \$5/ton to \$2/ton
- Focusing resources specifically on food waste reduction and diversion.
- Counties (including Baltimore City and the Mid-Shore) may apply to opt out of the statewide program if they set up their own disposal surcharge to fund waste reduction in the county. Opted-out Counties have the flexibility to tailor their program to their needs.
- Allocating funding equally between the Wasted Food Reduction Grant Program (administered by MDE) and the On-Farm Organics Diversion Grant Program (administered by MDA). This bill also allocates 4% of annual funding as support for the School Waste Reduction and Composting Program (administered by MSDE) until the program sunsets.
- Increasing the administrative costs limits for all grants programs from 10% to 25%.
- Updating the implementation timeline to better align with existing agency processes and to allow for the agencies to avoid out-of-pocket costs when setting up the grant programs.

Sincerely,



Brenda Platt

Director, Composting for Community Project, Institute for Local Self Reliance

Attachments: (1) Fact Sheet on HB1318, (2) FAQs on HB1318, and (3) Infographic on climate benefits

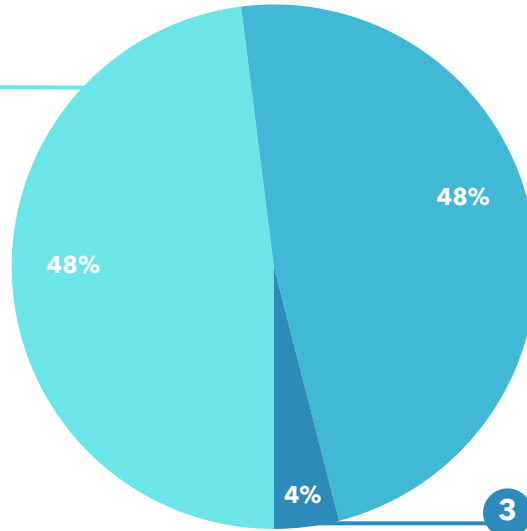
# Wasted Food Reduction and Diversion

This bill establishes funding for food waste reduction and diversion projects including food rescue, food waste prevention, organics recycling and compost use, and moving away from single-use food serviceware.

## Wasted Food Reduction and Diversion Fund:

### 1 Wasted Food Reduction and Diversion Grant Program

Supports projects, infrastructure, education, and technical assistance to reduce food waste, rescue edible food, compost or recycling food residuals, and transition away from single-use food service ware



### 2 On-Farm Organics Diversion and Recycling Grant Program

Supports farmers with reduction of food waste and organics diversion via cold storage, food rescue, composting and compost use, and more

### 3 School Waste Reduction and Composting Program

An existing program for reducing food waste and composting food scraps in schools

**\$ Funded by:** A \$2/ton surcharge on final waste disposal

## Why is this bill needed?

- ▶ Maryland’s high landfill methane emissions, emissions reduction goals, 2021 food waste diversion mandate, and increasing demand for alternatives to food waste disposal underscore the need to prevent and divert wasted food by expanding organics processing capacity, and education.

## What types of projects may be funded?

- Local composting infrastructure
- Education and technical assistance
- Food rescue to feed people or animals
- On-farm cold storage for produce
- Reusable food service ware and dishwashers
- Labor and wages to make projects happen
- ...to name a few examples

## How will the bill support small businesses and local communities?

- ▶ Grant funds will be accessible to businesses (e.g., restaurants, multi-family housing units, and small haulers) interested in developing or expanding their waste diversion efforts within their local communities.
- ▶ Preventing and rescuing wasted food and recycling what's left will generate more jobs and local economic opportunities than continued landfilling and incineration.
- ▶ Priority funding will go to projects serving overburdened and underserved communities, including creating jobs within those communities.
- ▶ There are numerous opportunities for partnerships between nonprofits, schools, farmers, businesses, and local governments to advance this work.

## How does this bill support Maryland Counties and their landfills?

- ▶ Increased organics recycling and waste diversion rates will extend the life of existing landfills and delay expenditure on expansions.
- ▶ Counties may opt-out of the statewide program to set up their own surcharge and waste diversion program with greater flexibility.

## Does this mechanism exist elsewhere?

- ▶ Yes, at least eight other states and a handful of local governments collect a surcharge on waste disposal to fund waste diversion programs.

# Wasted Food Reduction and Diversion - [HB 1318](#)

## Frequently Asked Questions

Drafted by: Sophia Jones ([sjones@ilsr.org](mailto:sjones@ilsr.org)), Institute for Local Self-Reliance

### What does this bill do?

- Establish a funding mechanism to support food waste reduction and diversion grant programs via a \$2 per ton surcharge on final waste disposal in landfills and incinerators.
- Create two new grant programs for (1) reducing, rescuing, composting, and recycling wasted food (including infrastructure, operations, education, and technical assistance) and (2) on-farm organics recycling and compost use, wasted food prevention, and food rescue.
- Support the [School Waste Reduction and Composting Program](#) with a portion of the funds.
- Mobilize an estimated \$14 million to build alternatives to food waste disposal.
- Make food waste diversion more accessible and more competitive by using funds from waste disposal to build food rescue, food waste reduction, and organics recycling projects.

### Why is funding for reduction and diversion of wasted food needed in Maryland?

- Maryland is in need of expanded access to and capacity for food waste reduction, food rescue, and diversion of wasted food from disposal that benefits local communities.
- A major obstacle to development and expansion of food waste reduction infrastructure and programs is lack of funding.
- The Maryland Food Systems Resiliency Council's November 2023 report<sup>1</sup> makes recommendations to invest in cold storage, organics recycling of food residuals, food residual diversion sites programs, and education and technical assistance to support reduction of food waste.
- Maryland has passed numerous policies supporting healthy soils, food waste recovery, recycling, and composting but funding to support effective development of these efforts is sorely lacking. A nominal per-ton waste surcharge will provide funding to support and expand food waste reduction and diversion throughout the state while also disincentivizing final solid waste disposal in landfills and incinerators.
- Expansion of composting and organics recycling infrastructure and the availability of high-quality, non-contaminated compost is crucial to supporting Maryland soils<sup>2</sup> by reducing the need for synthetic fertilizers, increasing soil organic matter, and improving water and nutrient cycling.
- A 2021 report revealed that Maryland landfills were emitting four times more methane than previously estimated.<sup>3</sup> Diverting organic waste from landfills, where anaerobic decomposition produces methane, a potent greenhouse gas, is a necessity for Maryland to achieve its goals of 60% emissions reductions by 2031 and net-zero in 2045.<sup>4</sup>

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<sup>1</sup> November 2023. "[Food System Resiliency Council 2023 Report to the General Assembly](#)."

<sup>2</sup> Via, Sara. 2021. "[Increasing Soil Health and Sequestering Carbon in Agricultural Soil: A Natural Climate Solution](#)." Izaak Walton League of America and National Wildlife Federation.

<sup>3</sup> Maher, Ryan and Kelly, Leah. June 9, 2021. "[Greenhouse Gases from Maryland's Landfills. Underestimated and Under Regulated](#)." Environmental Integrity Project.

<sup>4</sup> June 2023. "[Maryland's Climate Pathway](#)." Maryland Department of the Environment and University of Maryland Center for Global Sustainability.

- Maryland's 2021 food waste diversion mandate law has increased demand for alternatives to food waste disposal. Expanded processing capacity is needed to meet food waste diversion goals.

**What will the programs funded by the disposal surcharge support?**

- The Wasted Food Reduction and Diversion Grant Program will fund projects, infrastructure, and education to reduce food waste, rescue edible food, compost or recycle food residuals, and to transition away from single-use food serviceware.
- The On-Farm Organics Diversion and Recycling Grant Program will support farmers in food preservation and rescue, including: cold storage; recovering food to feed animals; organics recycling; compost use; and the equipment, infrastructure, labor, technical assistance, testing, and other needs to achieve food waste reduction and diversion.
- The [School Waste Reduction and Composting Program](#) is an existing program to support county boards and public schools in developing and implementing programs for reducing food waste and for composting food scraps. It currently is without a steady source of funding.

**Who will be eligible for funding under the new grant programs?**

- The Wasted Food Reduction and Diversion Grant Program will be accessible to: units of local government (except those that have opted out of the statewide program), local educational agencies, institutions of higher education, non-profit organizations, for-profit businesses, and farmers including urban farmers. This includes waste haulers looking to move their businesses toward waste reduction activities.
- The On-Farm Organics Diversion and Recycling Grant Program will be accessible to: farmers including urban farmers, Soil Conservation Districts, institutions of higher education, non-profit organizations, and for-profit businesses.
- Priority funding for both programs will go to projects that provide benefits to their local communities and address community needs, serve overburdened or underserved communities, follow relevant best management practices, produce minimally-contaminated compost, and more.

**How will the surcharge be collected?**

- The owner or operator of each refuse disposal facility (landfill, incinerator, or transfer station) is responsible for collecting the disposal surcharge at their facility and submitting the collected monies to the State. The Maryland Department of Environment will set specific guidelines for reporting.
- The surcharge is not applicable to materials recycled, composted, or otherwise diverted from final disposal. For example, materials collected or deposited for recycling will not be subject to the \$2/ton surcharge.
- The surcharge may not be assessed more than once on the same solid waste destined for disposal. For example, if the surcharge has been assessed on solid waste at a transfer station, the surcharge will not apply at the landfill or incinerator that receives the solid waste for final disposal.

**Who will pay the disposal surcharge? Will the costs get passed down to customers?**

- The disposal surcharge will be collected on waste for final disposal at landfill, incinerators, and transfer stations. Haulers will pay the surcharge at the time of waste deposit at the disposal facility.

- Haulers are allowed to pass down the costs of the surcharge, with guardrails to prevent exploitation of those costs, as follows:
  - “Every solid waste hauler or collector is authorized to collect rates, fees, or surcharges from solid waste generators serviced by the solid waste hauler or collector only up to the amount sufficient to recover the surcharge collected”
- If a hauler decides to pass down the costs of the surcharge to waste generators, a surcharge of \$2/ton that gets passed down might cost the average Maryland household \$6.50 per year (less than 2 cents per day).
- The goal of the grant programs that will be funded by the disposal surcharge is to make alternatives to disposal of food residuals more available and accessible to all Maryland communities.

#### **How might the surcharge amount change?**

- This bill sets the surcharge amount at \$2/ton of waste disposed.
- The surcharge will be reviewed every two years beginning on or before July 1, 2027, to adjust for inflation and to determine if other adjustments to the surcharge amount are recommended.
- Successful food waste reduction and diversion will ideally decrease tonnage disposed in landfills and incinerators. In order to provide steady annual funding for the grant programs as waste disposal tonnages (ideally) decrease over time, the surcharge amount may be increased.

#### **Does this disposal surcharge mechanism exist in other states?**

- Yes, most states levy some surcharge on waste disposal to landfills, incinerators, and/or transfer stations. At least eight states have disposal surcharges that directly fund recycling, compost, and other environmental initiatives.<sup>5</sup> They include New Jersey, Indiana, Pennsylvania, Minnesota, Ohio, Iowa, North Carolina, and Wisconsin. The average per-ton surcharge among these states is \$4.82/ton.
- Some examples of surcharge policies administered at the local level include Alameda, San Mateo, and Santa Clara Counties in California.
- Recently, a handful of states have moved to establish, revive, or expand disposal surcharge mechanisms to fund waste reduction, including [New York](#), [Arizona](#), and [Pennsylvania](#).

#### **How have these other states benefited from this mechanism?**

- ILSR produced an [article](#) in 2022 featuring examples of this program’s results in other states and municipalities. Some notable investments and impacts on waste diversion include:
  - Ohio’s [Community and Litter](#) grant program awarded \$3.4 million was awarded to 77 projects in 2021, ranging from organics composting, to public space litter cleanups, to recycling equipment like organic material chippers.
  - Indiana’s [Recycling Market Development Grants](#) and the [Community Recycling Grant Program](#) awarded over \$1.8 million in grant funding in 2020, creating up to 47 new jobs and increasing the amount of recycled materials by almost 85,000 tons.
  - Pennsylvania’s Environmental Stewardship Fund supports [agricultural best management practices and watershed protection efforts](#) in addition to waste reduction projects.

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<sup>5</sup> Jones, Sophia. February, 2022. “Surcharges on Waste Disposal Fund Composting.” Institute for Local Self-Reliance.

- In North Carolina, almost \$1 million in recycling grant funding was awarded to 47 recipients in Fiscal Year 2019-2020, resulting in 45 new jobs created, 8 million additional tons of plastic recycled, and 55,000 tons of organic material diverted from landfills.

**Will this program work in Maryland, where most landfills are publicly owned?**

- Yes, there's no reason it will not work in Maryland.
- Once implemented, the bill will extend the life of publicly-owned landfills, avoiding capital-intensive landfill replacement costs, which would result in counties incurring more capital debt.
- The surcharge applies to waste generated, which comes from both the public and private sectors. The landfill/incinerator facilities serve as collectors of the surcharge, remitting the funds to the State, to be used for expansion of food waste reduction and diversion programs and infrastructure.

**Who was involved in the development of this bill?**

- Over the past 3 years, the Institute for Local Self-Reliance (ILSR), with the guidance of Delegate Regina T. Boyce, has gathered input from numerous stakeholders in order to get this bill to fit Maryland's unique landscape. Some of these stakeholders include the Maryland Association of Counties, Prince George's County Department of the Environment, Maryland Clean Water Action, US Composting Council's Maryland-DC Chapter, and others.
- More recently, ILSR collaborated extensively with MDE and MDA to ensure the bill filled programmatic gaps and was implementable by the agencies.

**A version of this bill was originally introduced in Maryland in 2022, how is this bill different?**

- The 2024 bill more narrowly focuses on food waste reduction and diversion.
- Funding is allocated between the Wasted Food Reduction Grant Program (administered by MDE) and the On-Farm Organics Diversion Grant Program (administered by MDA). This bill also allocates 4% of annual funding as support for the School Waste Reduction and Composting Program (administered by MSDE).
- Counties (including Baltimore City and the Mid-Shore) may apply to opt out of the statewide program if they set up their own disposal surcharge to fund waste reduction in the county. Opted-out Counties have the flexibility to tailor their program to their needs.
- The disposal surcharge has been lowered to \$2 per ton of waste landfilled or incinerated.

**How did this bill get to be 14 pages long?**

- We've adopted and included the best features of the best existing state programs out there. Some of the detail, while making the bill long, does not add complexity but rather clarification on key aspects.
- The bill includes details on the disposal surcharge mechanism, a flexible opt-out for counties, and project and entity eligibility details for the grant programs in order to provide clear implementation guidance to the administrative agencies (MDE, MDA, and MSDE).
- As multiple agencies would be responsible for administering portions of the grants, the bill also includes some repetitive text in addressing each agency's responsibilities.



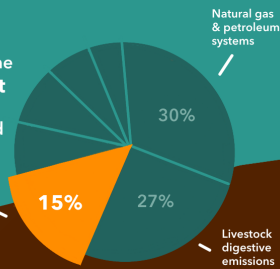
# HOW COMPOSTING COMBATS THE CLIMATE CRISIS

## 1 AVOIDS WASTE OUTCOMES WITH HIGH EMISSIONS

Landfilling food scraps produces **20x** the CO<sub>2</sub>e emissions (as methane) as composting

...and when used, compost's net emissions become negative!

Landfills are the **third-largest** source of human-related methane emissions in the U.S.



## 2 ENHANCES SOIL QUALITY

Compost increases:



### Nutrients in soil

- Grows healthier, more nutritious plants & food
- Reduces use of synthetic nitrogen & fossil-fuel-intensive fertilizers

Synthetic nitrogen accounts for **80%** of human-related nitrous oxide emissions



### Water holding capacity

Increases soil resiliency to extreme heat & flooding

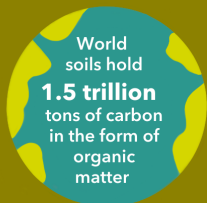


### Soil aggregation

Prevents erosion & runoff, thus protecting & restoring waterways

Normally it takes **1,800 years** to build **6 inches** of topsoil but with compost, it takes only **6 months**

## 3 SEQUESTERS CARBON



What's one of the best ways to build soil organic matter?

**Compost!**

Degraded soil actually **RELEASES** carbon

But a **1-time** application of compost can make soil a carbon sink again!

Just 1 acre amended with compost can sequester up to



of a car's annual emissions

Compost also increases crop yield & vegetation, leading to even more carbon sequestration

## 4 BUILDS COMMUNITY RESILIENCY

Healthy soil =

- Food security
- Profitable farms
- Enhanced habitat & biodiversity
- Resilient ecosystems

Degraded soil has been linked historically to the fall of civilization!

Community composting =



- Local jobs
- Environmental education
- Community bonds & safety
- Physical activity & healthy diets
- Social inclusion & empowerment