

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 953 (Senator Brochin, *et al.*)
Education, Health, and Environmental Affairs

Recycling - Apartment Buildings and Complexes

This bill requires each owner of an apartment building or complex with five or more units to provide for the collection and separation of recyclable materials from tenants and for the removal of those materials for further recycling. This must be provided in accordance with the county recycling plan. The bill establishes a civil penalty of up to \$50 per day for violations.

The bill takes effect September 1, 2010.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues beginning in FY 2011 as a result of the bill's civil penalty provision. Unless the Maryland Department of the Environment (MDE) is required to conduct enforcement activities, it is assumed that the bill can be handled with existing budgeted resources.

Local Effect: Local expenditures may increase to ensure that the bill's recycling requirements are provided in accordance with county recycling plans and to otherwise enforce the bill.

Small Business Effect: Potential meaningful impact on small business apartment complex owners and recycling service companies.

Analysis

Current Law: In 1988, the Maryland Recycling Act required each county to submit a recycling plan. Jurisdictions with more than 150,000 residents were required to reduce

their solid waste by 20%, and jurisdictions with less than 150,000 residents were required to reduce their solid waste by 15%. According to MDE, by 2000, every county had met or exceeded their percentage requirements under the Maryland Recycling Act (although in 2007 Calvert County failed to reach its goal). Further legislation enacted in 2000 established a voluntary statewide diversion goal of 40% by 2005.

Counties have flexibility to determine the best way to reach the required recycling rates. However, the county recycling plan must address specified issues such as the feasibility of composting mixed solid waste, methods for the separate collection and composting of yard waste, and methods of financing county recycling efforts. County recycling plans are currently revised on a triennial basis.

Background: The Container Recycling Institute (CRI) notes that nationwide recycling campaigns in the 1980s caused a surge in recycling rates, which reached a peak of 54% in 1995. Recycling rates have steadily declined since 1995 and were at 34% by 2006. MDE reports that, in 2007, Maryland had a recycling rate of 44.1% and a waste diversion rate of 47.5%. In 2007, the municipal solid waste stream totaled just over 6.9 million tons statewide.

In addition to the issue of landfill diversion, recycling is encouraged due to the potential for significant reductions in virgin material extraction, energy use, and emissions of greenhouse gases. For example, according to CRI, recycling an aluminum soda can uses 75% less energy than the production of a new soda can, and the recycling of a single can saves enough energy to run an average laptop computer for four hours.

Recycling rates have decreased since the summer of 2008 as global commodity values have fallen substantially, thereby reducing the incentive and profitability of substituting recycled scrap materials for virgin materials. For example, the *New York Times* reports that the value of tin fell by more than 98%, from \$397 to about \$5 in 2008. In addition, in a public filing with the U.S. Securities and Exchange Commission, Waste Management Incorporated noted that recycling market prices decreased year-on-year by about 60% in November 2008.

State Revenues: The bill may result in a minimal increase in general fund revenues beginning in fiscal 2011 due to the bill's civil penalty provision for those cases heard in the District Court.

State Expenditures: Although MDE is generally required to enforce the provisions of the Environment Article, it may also delegate enforcement to local authorities. Given that counties currently ensure that recycling activities are implemented in accordance with the county recycling plan, it is assumed that enforcement of the bill is handled by the counties. If MDE were required to conduct inspections or other enforcement

activities, an additional sanitarian may need to be hired at a cost of about \$60,000 in fiscal 2012, the first full fiscal year in which the bill is implemented, not including the cost of procuring an additional van at \$21,090. The Office of Recycling does not currently conduct enforcement activities.

Local Expenditures: Because local governments are required under current law to review county recycling activities in accordance with county recycling plans, it is assumed that local governments may accept delegated authority from MDE to fully enforce the bill. Accordingly, expenditures may increase for some jurisdictions, although the magnitude of such an increase is unclear at this time. Prince George's County is the only county that currently meets the requirements of the bill. However, Montgomery County has a requirement for properties with more than six dwelling units. Local governments may also need to amend their recycling plans to include information about such activities.

Given that the bill's directive is aimed at owners of apartment buildings and complexes, it is assumed that local jurisdictions are not required to provide the recycling services required by the bill.

Small Business Effect: Owners of affected apartment buildings and complexes are required to provide for the collection and separation of recyclable materials and for the removal of those materials for further recycling. Owners are likely to contract with waste and recycling contractors for the collection of recyclable materials, which increases costs unless fully offset by associated savings. For example, an increase in recycling reduces the costs associated with payment by apartment buildings of landfill tipping fees; MDE advises that average tipping fees total \$52 per ton statewide. Further, depending on the location of the building and the state of the recycled materials markets, apartment building owners may realize a profit on the contract for removal of recycled materials.

Small business recycling contractors will benefit from an increase in the demand for their services.

Additional Information

Prior Introductions: An identical bill was introduced in the 2005 session as SB 420 and received an unfavorable report from the Senate Education, Health, and Environmental Affairs Committee.

Cross File: None.

Information Source(s): Montgomery, Washington, and Worcester counties; Baltimore City; Maryland Department of the Environment; Department of Legislative Services

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