Senate Bill 641

Statewide Container Recycling Incentive Program

MACo Position: **OPPOSE**

To: Education, Health, and Environmental Affairs And Finance Committees

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From: Robin Clark or Michael Sanderson

The Maryland Association of Counties (MACo) **OPPOSES** SB 641. This bill would create a statewide container deposit of five cents, to be redeemed through a series of county-operated or licensed redemptions centers. The complex fiscal and operational underpinnings of the bill leave counties absorbing substantial expense and risk in this operation, and the new redemption infrastructure could up-end Maryland's already very successful efforts to promote citizen acceptance of and participation in recycling efforts.

Maryland has debated, and rejected, various proposals to institute container deposits. This legislation seeks to add a container deposit where recycling programs already exist, and places all of the financial and operational responsibility for the new program on local government. While the bill envisions an option for commercial enterprises to offer redemption centers, the fiscal note wisely advises that they would not see these operations as a viable function, leaving counties as the sole operators of last resort. Maryland has accomplished much through citizen education and program investments to reach its outcomes. Single-stream recycling programs continue to prove popular and accessible to residential users, and remain the widespread direction of county-managed efforts.

The bill's expansive fiscal note details a series of hypothecated fiscal effects, where a bottom line analysis tells, at best, a part of the story. The State's bottom line for this program, however, is "upside down" its third year of operation – even under optimistic projections. For counties, the uncertain costs of operating centers and the inability of the State system to finance its own promised handling fees add to wariness on fiscal grounds.

The essential financial element of the program is the State-funded "handling fee" for county-operated redemption centers. The bill sets this handling fee at 3 cents per container, dropping to 2.5 cents after a phase-in period. However, the fiscal note makes clear that this level of handling fee is beyond the funding stream generated through unclaimed deposits. When the handling fee inevitably drops, the financial viability of even the most energetic redemption centers will fall into question. The start-up costs to purchase facilities and equipment, the challenges of serving sparsely populated areas, and the siting of suitable locations for public redemption access render the county mandate troubling both fiscally and operationally.

Counties already strive to deliver successful recycling programs, to satisfy both public demand and State mandates. The sale of collected materials is a component toward paying for this service – but counties are obliged to support recycling programs through a wide range of general taxes and fees. By withdrawing the most marketable commodities from existing recycling programs (curbside pickup, single stream, etc.), SB 641 would orphan the massive infrastructure investment made in these programs, as well as oblige even larger taxpayer subsidies to cover costs for a reduced material stream.

SB 641 would impose a controversial and unpopular charge on consumers, undermining successful recycling efforts currently underway in Maryland. The bill requires counties to make substantial investments of facilities, equipment, and operations to manage a program built on an unstable fiscal model, without recognition for obviously variable service areas. For these reasons, MACo recommends an **UNFAVORABLE** report on SB 641.