



Maine Municipal Association

60 COMMUNITY DRIVE
AUGUSTA, MAINE 04330-9486
(207) 623-8428
www.memun.org

Provisional Testimony of the Maine Municipal Association

In Support of

LD 1541 – An Act To Support and Improve Municipal Recycling Programs and Save Taxpayer Money

May 10, 2021

Senator Brenner, Representative Tucker and members of the Environment and Natural Resources Committee, my name is Neal Goldberg, and I am providing provisional testimony in support of LD 1541 on behalf of MMA. Amended testimony will be submitted if the comments offered today do not align with the Legislative Policy Committee's official position.

The right stewardship program to manage packaging material would be incredibly beneficial to municipalities. In the past, the Association has supported stewardship programs for other product categories and previous iterations of LD 1541. At present, nearly 30 municipalities representing over 300,000 Maine residents, have independently expressed support for a legislation similar to the one proposed in this bill. It is noteworthy that half of those municipalities are relatively small, under 5,000 people, highlighting the benefits a packaging stewardship program offers to a broad array of communities.

Our members' upmost desire is to reduce the volume of waste they manage and packaging material comprises a large portion, almost 40%, of that waste. The packaging stewardship program proposed in LD 1541 would accomplish this goal through predictable economic behavior. It puts responsibility on producers to plan for the collection and handling of their packaging waste, forcing them to internalize the waste externality they put on taxpayers. Over time, profit incentives will propel producers to reduce the amount of packaging they create in order to pay less for the collection and handling of their waste. Maine's bottle tax is proof that shifting the responsibility of externalities can modify our waste management behaviors. LD 1541 induces waste reduction further by providing incentives to producers to use recycled material over virgin material. If a packaging stewardship program did nothing more than reduce overall municipal solid waste, it would still be a success.

Second most to waste reduction on the municipal priority list is recycling and supporting the expansion of recycling programs, infrastructure, and markets. LD 1541 makes progress towards this at the local and state level. Municipal officials have recently been forced to redirect funds for local recycling programs to cover mounting landfilling costs. Steady reimbursement from the stewardship program would give municipalities confidence that recycling programs can remain solvent. LD 1541 also provides for state investment in recycling education and infrastructure from the packaging stewardship fund. Local and state recycling programs,

combined with alternative collection programs approved by the stewardship organization, will greatly increase recycling capacity and rates in Maine.

LD 1541's handling of municipal reimbursement is well-devised. The bill's sponsor gave appropriate consideration for criteria that impact the costs of managing packaging material including, the type of packaging material, readily available recycling options, collection and transportation costs, and litter abatement. It deserves noting that municipalities will not profit from LD 1541, they are merely receiving reimbursement for continuing to manage packaging material on behalf of producers. To the extent that producers are interested in relieving municipalities of this duty through alternate collection programs, municipalities do not require reimbursement.

Concern for LD 1541 to increase the tax burden is overstated. A packaging stewardship program as drafted in LD 1541 has potential to increase municipal costs in two minor ways. There will be administrative reporting and possibly extra sorting of waste that could create marginal cost increases. In general, these extra costs will be folded into the reimbursement calculation as more data makes the formula more accurate. Second, municipalities may opt for larger investment in recycling than reimbursements can provide. This is less a tax consequence of LD 1541 and more an opportunity to complement ongoing investment. Again, these extra costs will likely be recouped through savings that recycling programs create over time.

For communities that simply do not want to participate, LD 1541 provides a municipal opt-in which our members fully support.

The issue of regulation is frequently raised in tandem with any stewardship program proposal. LD 1541 wisely employs a stewardship organization to rest between the producers and state. This avoids any fear that producers will be able to interfere with the intent of this bill in any manner. Previous variations of packaging stewardship programs have given too much autonomy to producers to create stewardship organizations or set fee schedules. Oppositely, proposals to task DEP with sole oversight would inundate the department with additional burdens. LD 1541 has the most streamlined and efficient approach to regulation that the MMA staff have seen thus far.

LD 1541 is a comprehensive expended producer responsibility stewardship program that manages packaging material while incentivizing the ultimate reduction of waste in a clear, equitable, and efficient manner. It is drafted with details and considerations for all stakeholders that previous proposals did not contemplate and thus earned its bipartisan support.

Thank you for your thoughtful consideration of this important issue.