



Maine Municipal Association

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Testimony of the Maine Municipal Association

In Opposition Of

LD 259 – *An Act To Improve Solid Waste Management*

March 7, 2022

Senator Brenner, Representative Tucker and members of the Environment and Natural Resources Committee, my name is Neal Goldberg, and I am providing testimony in opposition of LD 259 on behalf of MMA's 70-member Legislative Policy Committee.

This bill will not generate the effects it intends to because the setting for it to succeed has not been previously fostered. Overnight LD 259 creates a five-fold increase in disposal fees that municipalities can do nothing to avoid on behalf of the businesses and residents they serve.

This bill is an attempt to shortcut the hard work of creating a sustainable waste management landscape. As will be discussed, this bill either overlooks, undermines, or exacerbates existing challenges to providing local solutions.

In summary the bill: (1) pushes an already expensive service to further levels of unaffordability; (2) offers no practical near-term alternatives to the disposal method it seeks to disincentivize; (3) implicates the implementation of multiple outstanding bill proposals; (4) provides an underwhelming return on investment to those paying fees; and (5) promotes a grant program that is not strongly supported at the municipal level

Waste management is already one of the costliest services municipalities provide directly to residents and businesses. Below is a snapshot of the economic circumstances of municipal waste management as projected by MMA's Fiscal Survey. *Table 1* compares the total revenue municipalities generate through local waste management programs (i.e., sticker sales, bag fees, etc.) with the expense for collection services (i.e., curbside pick-up, transfer station, hauling, etc.), disposal fees, and recycling programs.

	<u>FY 2019</u>	<u>FY 2020</u>
Revenue	\$14,170,904	\$23,035,602
<i>Collection & Disposal</i>	\$48,220,832	\$61,320,263
<i>Recycling</i>	\$6,265,337	\$9,210,516
Total Expense	\$54,486,169	\$70,530,779
Shortfall	-\$40,315,266	-\$47,495,177

Table 1: Municipal waste management programs¹

The circumstances are grim. Revenue from municipal waste management services cannot keep pace with expenses, yet the service must be provided. As a result, a growing amount of property taxpayer dollars are going towards waste management every year. Between FY 2019 and FY 2020 the taxpayer portion of collection, disposal, and recycling grew by 18%. LD 259 will add millions more to the taxpayer share. The most unfortunate aspect of the municipal economics of waste management is communities are not even getting a fair return on their expense.

No single event led to this predicament. A combination of market forces outside of Maine, recent world health events, smarter management practices, rising costs like labor, fuel and fees, and a consolidation of the waste management landscape has left communities with limited options. Assuming a community can afford alternatives to landfilling, there are few facilities in Maine that either have capacity, provide a worthwhile service, or are within 100 miles. LD 259 might fulfill a purpose someday, but it will not make the daily reality of waste management different in the near-term.

LD 259 is not a disincentive to choosing landfilling as a disposal method since there is no other option. Once implemented, it becomes a disincentive to *producing* waste. Municipalities will be obliged to encourage businesses and residents to reduce the volume of waste they produce and must pass along these fees. More curiously, is whether the added expense to taxpayers and ratepayers will encourage further investment in new programs and waste management infrastructure. Municipal officials are generally split on this matter.

The divided hope expressed above runs deeper than LD 259. Community interest in public recycling programs wavers. Since the collapse of the international market, communities are reconsidering whether local government is best suited to provide recycling services. No one disagrees that this is a local decision, however LD 259 penalizes communities that shy away from expanding government yet do not have the luxury of a private market service provider.

The revenue generated by the increased fees in LD 259 will be substantial. Ideally there will be a great return on this investment, but early indicators are underwhelming. In the years 2018 and 2019 combined, grants totaling roughly \$300,000 were awarded to 19 proposals by public and private entities. The average grant award of \$15,800 is marginal in comparison to the nearly \$10 million municipalities expend each year just to operate recycling programs.

Municipal officials would rather retain the fees to use for their residents' express interests, but if this is not the state's desire, MMA recommends redistributing more of the collected revenue as grants to public and private entities.

The competitive grant process also raises minor concern. Municipal officials recognize that private entities are equally entitled to a portion of the redistribution since they pay considerable fees, however the process is not equal. The Solid Waste Diversion Program

¹ *Table 1* is inclusive of all revenue projections on record with MMA, however there are additional expenses not shown. Costs associated with administration, capital expenditures and other general expenses total around \$25 million in each of the fiscal years.

assumes public entities have the same resources to compete with private entities for grant funds. In most cases municipalities cannot keep up.

MMA's opposition is not correlated to bills still left to be worked by committees of the Legislature. Nonetheless, the effect of LD 259 should be considered in tandem with LD 1911, LD 1964, and LD 1639. These bills either propose prohibitions to specific waste management practices or add additional fees to those in LD 259.

Thank you for your thoughtful consideration of this important matter.