



Montgomery  
County Council

**Committee:** T&E  
**Committee Review:** At a future date  
**Staff:** Amanda Mihill, Legislative Attorney  
**Purpose:** To receive testimony – no vote expected  
**Keywords:** #WasteReductionPlan  
Search terms: straws, recycling, environment

AGENDA ITEM #6  
September 15, 2020  
**Public Hearing**

## SUBJECT

Bill 32-20, Solid Waste (Trash) – Waste Reduction/Source Reduction and Single-Use Straws - Requirements

Lead Sponsor: Council President at the request of the County Executive

## EXPECTED ATTENDEES

None

## COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Public Hearing – no vote expected

## DESCRIPTION/ISSUE

Bill 32-20 would:

- establish a program for waste reduction/source reduction in Montgomery County;
- provide criteria for waste reduction/source reduction initiatives and programs;
- set forth the method by which the program is established;
- prohibit the distribution of single-use straws except in certain circumstances; and
- provide for education relating to straws.

## SUMMARY OF KEY DISCUSSION POINTS

- None

### This report contains:

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**MEMORANDUM**

September 10, 2020

TO: County Council

FROM: Amanda Mihill, Legislative Attorney

SUBJECT: Bill 32-20, Solid Waste (Trash) – Waste Reduction/Source Reduction and Single-Use Straws - Requirements <sup>1</sup>

PURPOSE: Public Hearing – no Council vote required

Bill 32-20, Solid Waste (Trash) – Waste Reduction/Source Reduction and Single-Use Straws - Requirements, sponsored by Lead Sponsor Council President at the request of the County Executive, was introduced on July 21. A Transportation and Environment Committee worksession is tentatively scheduled for October 12 at 1:30 p.m.

Bill 32-20 would:

- establish a program for waste reduction/source reduction in Montgomery County;
- provide criteria for waste reduction/source reduction initiatives and programs;
- set forth the method by which the program is established;
- prohibit the distribution of single-use straws except in certain circumstances; and
- provide for education relating to straws.

This packet contains:

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<sup>1</sup>#WasteReductionPlan

Search terms: straws, recycling, environment

Bill No. 32-20  
Concerning: Solid Waste (Trash) – Waste Reduction/Source Reduction and Single-Use Straws - Requirements  
Revised: \_\_\_\_\_ Draft No. 1  
Introduced: July 21, 2020  
Expires: January 21, 2022  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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By: Council President at the Request of the County Executive

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**AN ACT** to:

- (1) establish a program for waste reduction/source reduction in Montgomery County;
- (2) provide criteria for waste reduction/source reduction initiatives and programs;
- (3) set forth the method by which the program is established;
- (4) prohibit the distribution of single-use straws except in certain circumstances; and
- (5) provide for education relating to straws.

By adding

Montgomery County Code  
Chapter 48, Solid Waste (Trash)  
Article VII, Waste Reduction/Source Reduction  
Sections 48-59, 48-60, 48-61, and 48-62

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
<b>[Single boldface brackets]</b>	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
<b>[[Double boldface brackets]]</b>	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*

1           **Sec. 1. Article VII (Sections 48-59, 48-60, 48-61, and 48-62) of Chapter 48**  
2 **is added as follows:**

3           **ARTICLE VII. WASTE REDUCTION/SOURCE REDUCTION**

4 **48-59. Definition.**

5           In this Article, food service business means a full-service restaurant, limited-  
6 service restaurant, fast food restaurant, café, delicatessen, coffee shop, supermarket,  
7 grocery store, vending truck or cart, food truck, business or institutional cafeteria,  
8 including those operated by or on behalf of County departments and agencies, and  
9 other business selling or providing food within the County for consumption on or off  
10 the premises.

11 **48-60. Waste reduction/source reduction program.**

12           (a) The County Executive must develop an ongoing waste reduction  
13 program.

14           (b) Under the waste reduction program, the County must:

15                   (1) continue the goals and objectives established in the County waste  
16 reduction hierarchy and policies;

17                   (2) organize a program of activities to reduce waste; and

18                   (3) search for opportunities to incorporate waste reduction into  
19 ongoing and future efforts.

20 **48-61. Regulations.**

21           (a) The County Executive may adopt regulations to implement this Article  
22 under Method (1).

23           (b) The regulations may:

24                   (1) prohibit the use, distribution, or sale of certain products or  
25 materials to reduce the amount of waste generated; and

26                   (2) require the use of environmentally preferable products or materials  
27 instead of conventional alternatives. The basis of determining

28 prohibitions on use, sale, and requirements for environmentally  
 29 preferable alternatives may include:

30 (A) evaluation of the amount of the product or material present  
 31 in the waste stream;

32 (B) analysis of the detrimental impacts on the environment of  
 33 the product or material; and

34 (C) establishment that alternative products or materials exist  
 35 that cause less environmental impact, are affordable, are  
 36 comparable in function, and capable of fulfilling the same  
 37 needs as other conventional products or materials.

38 **48-62. Source reduction of specific materials - Straws.**

39 (a) A food service business must post information that plastic straws will no  
 40 longer be provided to a customer, except where necessary to  
 41 accommodate a medical or disability-related need of that customer.

42 (b) Except as provided in subsection (c), a food service business must not  
 43 provide a plastic straw to a customer. Straws provided to customers must  
 44 be reusable or compostable. Reusable or compostable straws include  
 45 straws made of paper, polylactic acid (PLA), bamboo, silicone, or  
 46 stainless steel.

47 (c) Upon request, a food service business must provide a plastic straw to a  
 48 customer where it is necessary to accommodate a medical or disability-  
 49 related need of that customer.

50 **Sec. 2. Effective Date.**

51 Sections 48-59, 48-60, and 48-61 take effect 91 days after this Act becomes law.

52 Section 48-62 takes effect 12 months after this Act becomes law.

## LEGISLATIVE REQUEST REPORT

Bill 32-20

*Solid Waste (Trash) – Waste Reduction/Source Reduction and Single-Use Straws – Requirements*

<b>DESCRIPTION:</b>	Bill 32-20 would Amend Chapter 48 to enable the County Executive to establish waste reduction/source reduction mandates through establishment of Executive Regulations; and to prohibit the use and distribution of single-use plastic straws.
<b>PROBLEM:</b>	Enabling legislation will allow waste reduction requirements to be established through the adoption of Executive Regulations. Single-use plastic straws are not recyclable in Montgomery County. They are not biodegradable and often end up as litter in local streams and waterways.
<b>GOALS AND OBJECTIVES:</b>	To give the County Executive the authority to implement regulations to reduce the amount of waste generated in the County; and to reduce waste and litter by restricting the use of single-use plastic straws and promoting the use of reusable or compostable straws.
<b>COORDINATION:</b>	Office of the County Attorney, Office of Procurement, Office of Management and Budget, Office of Finance, Department of Health and Human Services
<b>FISCAL IMPACT:</b>	Department of Finance.
<b>ECONOMIC IMPACT:</b>	OLO
<b>EVALUATION:</b>	To be researched.
<b>EXPERIENCE ELSEWHERE:</b>	DC and a number of jurisdictions across the US have adopted restrictions on single-use straws.
<b>SOURCE OF INFORMATION:</b>	Adam Ortiz, Director, Department of Environmental Protection, 240-777-7781
<b>APPLICATION WITHIN MUNICIPALITIES:</b>	N/A
<b>PENALTIES:</b>	Class B

## Fiscal Impact Statement

### Bill XX-XX – Solid Waste (Trash) – Reduction/Source Reduction; Single-Use Straws – Requirements

#### 1. Legislative Summary:

This legislation establishes a program for waste reduction/source reduction by requiring the County Executive to develop an ongoing waste reduction program through executive regulation that implements initiatives to meet the goals and objectives established by the County's waste reduction hierarchy and policies. It also allows the County Executive to pursue future waste reduction initiatives through the prohibition on the use or sale of non-sustainable materials or products, or through the required use of environmentally preferable products or materials.

In addition, this legislation bans the distribution of single-use plastic straws by a food service business to customers except upon request. Further, it requires any straws that are distributed by a food service business to be reusable or compostable. There is an exemption to this requirement for situations where a plastic straw is required to accommodate a customer's medical or disability-related needs.

#### 2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

##### Revenues:

DEP estimates that the bill will generate minimal revenues from issuance of citations against violators. Violation of the bill is a Class B violation, with fines of \$100 for initial offense and \$150 for each repeat offense, which may be levied each day that the repeat offense persists.

##### Expenditures:

###### Outreach/Education:

The bill does not delineate required expenditures or mandate an outreach campaign to affected businesses. However, the implementation of a plastic straws ban requires:

- an initial outreach campaign to educate food service businesses about the new requirements,
- official notification letters mailed to all food service businesses,
- development and distribution of education materials and efforts for food service businesses and for general public, and
- design, printing, and distribution of placards for food service businesses to display explaining the new requirements on straws.
- 

DEP estimates initial one-time implementation costs of \$160,000. This figure is based upon a similar effort outreach campaign following implementation of Council Bill 41-14, banning the use of expanded polystyrene (Styrofoam) products in the County.

Continued ongoing education efforts are estimated to cost \$25,000 annually.

The waste reduction program codified by the legislation can be undertaken by existing staff.

Enforcement:

Even on a complaint-driven basis, investigation to determine whether a compliance issue exists, and gather evidence of violation of law requires staff resources.

This legislation is introduced alongside Bill XX-XX Solid Waste (Trash) – Food Service Products Packaging Materials – Requirements, and existing staff resources are inadequate to take on the additional effort of both bills. A new Investigator position will be required (Grade 21 Program Specialist II), further in the FIS for Bill XX-XX.

**3. Revenue and expenditure estimates covering at least the next 6 fiscal years.**

DEP estimates that any revenue generated under Bill XX-XX would be minimal.

The initial straw ban outreach campaign is estimated to cost \$160,000 in FY21 and \$25,000 per year in FY22-26.

	FY21	FY22	FY23	FY24	FY25	FY26
Outreach & Education	\$160,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000

**4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.**

Not applicable.

**5. An estimate of expenditures related to County’s information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.**

Not applicable.

**6. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.**

Not applicable.

**7. An estimate of the staff time needed to implement the bill.**

DEP estimates that 500 staff hours could be required for the initial outreach and education effort in the implementation phase and that an additional 100 hours per year could be required for the ongoing outreach and education campaign. These education efforts may be absorbed by existing staff resources.

For enforcement, estimated staff hours based on 150 complaints/year would be 450 hours per fiscal year. A position for enforcement is discussed further in the FIS for Bill XX-XX Solid Waste (Trash) – Food Service Products Packaging Materials – Requirements.

**8. An explanation of how the addition of new staff responsibilities would affect other duties.**

This legislation adds new responsibilities to existing staff and can be absorbed with the addition of the new position discussed in the FIS for Bill XX-XX Solid Waste (Trash) – Food Service Products Packaging Materials – Requirements.

**9. An estimate of costs when an additional appropriation is needed.**

See responses to #3 and #7 above.



**10. A description of any variable that could affect revenue and cost estimates.**

Compliance with this mandate is difficult to project, therefore the range of revenues cannot be reliably estimated; however, any revenues generated by the bill are expected to be minimal.

**11. Ranges of revenue or expenditures that are uncertain or difficult to project.**

Compliance with this mandate is difficult to project, therefore the range of revenues cannot be reliably estimated; however, any revenues generated by the bill are expected to be minimal.

**12. If a bill is likely to have no fiscal impact, why that is the case.**

Not applicable

**13. Other fiscal impacts or comments.**

Not applicable

**14. The following contributed to and concurred with this analysis:**

Adam Ortiz, Department of Environmental Protection  
Patrice Bubar, Department of Environmental Protection  
Willie Wainer, Department of Environmental Protection  
Eileen Kao, Department of Environmental Protection  
Richard H. Harris, Office of Management and Budget



Richard S. Madaleno, Director  
Office of Management and Budget

7/7/20

Date




OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Marc Elrich  
County Executive

MEMORANDUM

March 27, 2020

TO: Sidney Katz, Council President  
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Montgomery County Code Chapter 48, Solid Waste (Trash)  
Waste Reduction/Source Reduction and Single Use Straws

This memorandum transmits the Department of Environmental Protection's (DEP) proposed legislation which would establish a program for waste reduction/source reduction under Montgomery County Code Chapter 48 and prohibit the use of single-use plastic straws under this program.

This legislation will require the County Executive to develop through executive regulation an ongoing waste reduction program that implements initiatives to meet the goals and objectives established by the County's waste reduction hierarchy and policies. This will allow the County Executive, through DEP, to pursue waste reduction initiatives through the prohibition on the use or sale of certain non-sustainable materials or products, or through the required use of environmentally preferable products or materials.

This legislation also will use this new waste reduction program to ban the distribution of single-use plastic straws by a food service business to customers except upon request. Further, this legislation requires any straws that are distributed by a food service business to be reusable or compostable. There is an exemption to this requirement for situations where a plastic straw is required to accommodate a customer's medical or disability-related needs.

Single-use plastic straws are not recyclable due to their small size and low weight. At recycling centers, they fall through sorting machinery and are very difficult to separate from the other materials. In addition, plastic straws are not biodegradable and persist in the environment for many, many years. Improperly disposed plastic straws can end up as beach litter, blow out of trashcans, or wash down storm drains ending up in our rivers, streams, and oceans. Due to their small size, fish and other aquatic animals can confuse these bits of plastic for food and ingest or choke on them. Further, plastics do not biodegrade but break down into

smaller pieces of microplastic that make its way into ground water; the human food supply; and sea mammals, fish, birds, and other wildlife.

By requiring a food service business to only provide straws upon request, a significant amount of single-use plastic straw waste potentially can be reduced. To replace banned single-use plastic straws when a straw is requested by a customer, we have researched and identified numerous viable reusable, recyclable, and compostable alternative products on the market today. These include durable reusable plastic, metal, bamboo, and silicone straws; different types of plant-based compostable products; and compostable paper straws.

If you have any questions, please contact Adam Ortiz, Director, Department of Environmental Protection, at 240-777-7781. Thank you for your attention to this matter.

**Attachments:**

Proposed Legislation

Legislative Request Report

cc: Adam Ortiz, Director

Patty Bubar, Deputy Director

# Economic Impact Statement

Office of Legislative Oversight

## Bill 32-20

## Solid Waste (Trash) – Waste Reduction/Source Reduction and Single-Use Straws – Requirements

### SUMMARY

The Office of Legislative Oversight (OLO) expects the enactment of Bill 32-20 to create short-term costs for food service businesses operating in the County. OLO cannot, however, determine whether these costs outweigh the economic benefits of reducing plastic straw pollution.

### BACKGROUND

The goal of Bill 32-20 is two-fold: “[t]o give the County Executive the authority to implement regulations to reduce the amount of waste generated in the County; and to reduce waste and litter by restricting the use of single-use plastic straws,” which are not biodegradable nor recyclable in County recycling facilities and often litter local streams and waterways.<sup>1</sup> If enacted into law, Bill 32-20 would allow the County Executive to establish regulations that “prohibit the use, distribution, or sale of certain products or materials to reduce the amount of waste generated; and require the use of environmentally preferable products or materials.”<sup>2</sup> The County Executive’s new regulatory authority would take into effect 91 days after the enactment of the law.<sup>3</sup>

The enactment of Bill 32-20 would also prohibit restaurants, grocery stores, and other food service businesses from providing single-use plastic straws to customers, except when “necessary to accommodate a medical or disability-related need.”<sup>4</sup> Any straws provided to customers must be made from reusable or compostable materials, such as paper, polylactic acid, or stainless steel.<sup>5</sup> This prohibition would not take into effect until 12 months after the enactment of the law.<sup>6</sup>

### METHODOLOGIES, ASSUMPTIONS and UNCERTAINTIES

OLO recognizes that expanding the regulatory authority for the County Executive could result in establishing more (or less) economically consequential regulations than would have occurred in the absence of enacting Bill 32-20. However, it is impossible to predict the nature and extent of this counterfactual change to the regulatory environment. For this reason, OLO excludes the potential economic impacts of expanded executive regulatory authority from the analysis presented in the subsequent sections. Instead, the analysis is limited to the economic impacts of the plastic straw prohibition on County residents and private organizations, particularly food service businesses.

<sup>1</sup> Montgomery County Council, Bill 32-20, Solid Waste (Trash) – Waste Reduction/Source Reduction and Single-Use Straws – Requirements, Introduced on July 21, 2020, Montgomery County, Maryland, 4.

<sup>2</sup> Ibid, 2.

<sup>3</sup> Ibid, 3.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

# Economic Impact Statement

## Office of Legislative Oversight

Due to uncertainties and data limitations, OLO has made the following assumptions in the analysis of the economic impacts of the plastic straw prohibition.

- Assumption 1: The per unit price of compostable and reusable straws for local food service businesses is higher than the price of plastic straws. Reports on plastic straw bans that have been implemented in other jurisdictions in the U.S. substantiate this assumption.<sup>7</sup>
- Assumption 2: The suppliers of food service ware products to local food service businesses are based primarily outside the County.
- Assumption 3: Local food service businesses are “price-takers.” That is, their demand for food service products does not affect market prices for food service ware products.

To assess the economic impacts of the plastic straw ban, OLO uses the Regional Input-Output Modeling System (RIMS II) “final-demand multipliers” for Montgomery County developed by the U.S. Bureau of Economic Analysis.<sup>8</sup> The RIMS II final-demand multipliers capture how “an initial change in economic activity results in other rounds of spending.”<sup>9</sup> In the case of Bill 32-20, the plastic straw ban would amount to a *negative* change in economic activity in the County, if local food service businesses pay more for compostable and reusable straws to suppliers based outside the County (holding all else equal). This withdrawal from the local economy would reduce other rounds of spending.

As discussed in subsequent sections, this negative multiplier effect could occur through two channels:

1. Operating Cost Channel: Local food service businesses who experience net increases in operating costs, and/or
2. Household Expense Channel: County residents who experience net increases in household expenses due to local food service business owners passing the higher cost of straws onto their customers.

In both cases, the negative change in economic activity would reduce consumption of locally produced goods and services.

Using the final-demand multipliers, OLO estimates the economic impacts of the plastic straw ban in terms of three economic measures:

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<sup>7</sup> See, for example, Kellie Ell, “Paper Straws Cost ‘Maybe 10 Times’ More Than Plastic Straws, Says Paper Straw Distributor,” *CNBC*, July 9, 2018, <https://www.cnn.com/2018/07/09/paper-straws-are-better-for-the-environment-but-they-will-cost-you.html>; and Ashley Wong, “Boba, or Bubble Tea, Shops Wrestle With Plastic Straw Ban,” *USA Today*, August 3, 2018, <https://www.usatoday.com/story/money/2018/08/03/2-straw-plastic-ban-may-cost-san-francisco-boba-shops/873009002/>.

<sup>8</sup> U.S. Bureau of Economic Analysis, *RIMS II: An Essential Tool for Regional Developers and Planners*, December 2013, [https://apps.bea.gov/regional/rims/rimsii/rimsii\\_user\\_guide.pdf](https://apps.bea.gov/regional/rims/rimsii/rimsii_user_guide.pdf).

<sup>9</sup> *Ibid*, 1 – 1 and 1 – 2. In the case of positive changes in economic activity, spending diminishes over time due to “leakages” from the County economy, such as paying taxes, increasing savings, and purchasing goods and services produced outside the County.

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## Office of Legislative Oversight

- Output (sales): total market value of industry output,
- Earnings: employee compensation plus net earnings of sole proprietors and partnerships, and
- Employment: number of full- and part-time employees.<sup>10</sup>

Due to lack of pricing data, OLO cannot project the total annual increase in operating costs for the food service sector. Instead, OLO illustrates the economic impact of a **hypothetical \$1,000,000 net decrease in local economic activity**. As shown below, the impact is sensitive to the channel through which the loss of economic activity occurs. Although the method produces single numbers for each measure, OLO cautions that these estimates are not precise forecasts. Rather, the estimates illustrate how the plastic straw ban may generate a negative multiplier effect and inform the discussion of the potential economic effects of the ban on County businesses and residents in reference to the Council's priority indicators.<sup>11</sup>

Importantly, however, there are several uncertainties that could significantly influence the extent to which the plastic straw ban generates a negative multiplier effect (if at all) and whether these effects outweigh the overall economic benefits to County residents and private organizations. While a more robust analysis of the economic impacts of Bill 32-20 would account for these uncertainties, doing so is beyond the scope of the analysis here. Instead, OLO identifies these uncertainties as potentially significant policymaking considerations.

First, there are several factors that could offset the potential economic costs of the plastic straw prohibition. OLO cannot predict the magnitude of these offsetting factors on food service businesses.

Second, the COVID-19 pandemic is expected to continue adversely affecting business operations, supply chains, distribution systems, consumer demand and other facets of the local economy. Again, OLO is unable to predict the extent or nature of these impacts on food service businesses or how they would interact with the plastic straw ban.

Third, OLO is unable to quantify the economic costs of plastic straw pollution to current (and future) County residents and private organizations. Though difficult to quantify, these costs are real. As forms of "natural capital," freshwater and marine ecosystems within and beyond the County's borders produce a wide range of goods and services that economically benefit County residents and organizations (e.g., food provision, carbon storage, waste detoxification, and recreation).<sup>12</sup> Local plastic straw litter

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<sup>10</sup> Ibid, 3 – 3 and 3 – 4.

<sup>11</sup> For the Council's priority indicators, see Montgomery County Council, Bill 10-19 Legislative Branch – Economic Impact Statements – Amendments, Enacted on July 30, 2019, Montgomery County, Maryland, 3.

<sup>12</sup> Nicola J. Beaumont, et al, "Global Ecological, Social and Economic Impacts of Marine Plastic," *Marine Pollution Bulletin*, Volume 142, May 2019: 189-195; and Vincent Viool, Abhishek Gupta, Laurens Petten, and Jorg Schalekamp, "The Price Tag of Plastic Pollution: An Economic Assessment of River Plastic," *Deloitte*, 2019,

# Economic Impact Statement

## Office of Legislative Oversight

damages these ecosystems, thereby contributing to the economic costs that global plastic pollution creates.<sup>13</sup> OLO believes that the current distribution of plastic straws in the County does not fully account for the local economic costs of plastic straw pollution due to common market failures (under-provision of public goods, externalized costs, and intertemporal discounting).<sup>14</sup> However, OLO cannot estimate these costs.<sup>15</sup> Neither can OLO estimate the costs of potential increases in non-plastic straw pollution, nor the extent to which the net reduction in straw pollution would benefit current (and future) residents and private organizations in the County.

Finally, the enactment of Bill 32-20 could reduce future funds allocated to restore ecosystems harmed by plastic straw pollution than would otherwise be allocated in the absence of enacting the Bill. OLO cannot estimate the economic impact of these alternative uses of funds.

## VARIABLES

Variables that could affect the economic impacts of enacting Bill 32-20 are the following:

- Difference in price between reusable or compostable straws and plastic straws
- Percentage of the price of straws passed onto customers
- Business expenditures on straws
- Percentage of customers of food service businesses who reside in the County
- Duration of the COVID-19 pandemic and economic recession
- Consumer demand for food service businesses
- Net straw pollution
- Economic costs to private organizations and residents from plastic straw pollution
- National demand for non-plastic straws

<https://www2.deloitte.com/content/dam/Deloitte/nl/Documents/strategy-analytics-and-ma/deloitte-nl-strategy-analytics-and-ma-the-price-tag-of-plastic-pollution.pdf>

<sup>13</sup> Ibid.

<sup>14</sup> For a discussion of the impact of market failures on natural capital, see Herman E. Daly and Joshua Farley, *Ecological Economics: Principles and Applications* (Washington D.C.: Island Press, 2003), 168-182.

<sup>15</sup> Several studies have estimated the costs of plastic pollution on a global scale. See Beaumont, et al, "Impacts of Marine Plastic"; and Viool, et al, "Price Tag of Plastic Pollution."

# Economic Impact Statement

## Office of Legislative Oversight

### IMPACTS

#### Businesses, Non-Profits, Other Private Organizations

Workforce, operating costs, property values, capital investment, taxation policy, economic development, competitiveness, etc.

If enacted into law, Bill 32-20 could negatively impact food service businesses in the County. On the assumption that the price of compostable and reusable straws is higher than plastic straws, the ban on plastic straws would increase operating costs for these businesses (holding all else equal).<sup>16</sup> Beyond operating costs, OLO sees no direct connection between enacting Bill 32-20 and property values, capital investment, taxation policy, economic development, or competitiveness.

OLO estimates that for every \$1,000,000 increase in annual operating costs, the local economy could lose between \$795,100 to \$1,542,050 in total output, \$158,700 to \$328,300 in earnings, and 4 to 11 jobs. The upper bound estimates reflect the “operating cost channel,” in which food service businesses incur the entire expense (i.e. 0% of the cost of straws is passed onto customers).<sup>17</sup> The lower bound estimates reflect the “household expense channel,” in which customers incur the entire expense (i.e. 100% of the cost of straws is passed onto customers). These findings show that the negative multiplier effect increases the more local food service businesses bear the cost of the assumed increase in straw prices.<sup>18</sup>

OLO expects the plastic straw ban to create **short-term** costs to the local economy. Indeed, there are several factors that would likely offset the net impact of the plastic straw ban on the operating costs of food service businesses over time. First, food service businesses could reduce their use of disposable straws to cut costs. For example, some businesses may substitute compostable straws for reusable ones or start providing straws to customers only upon request. Second, rising demand for non-plastic straws across the country could lead to economies of scale which reduce the price differential between plastic and compostable straws.<sup>19</sup>

Moreover, OLO expects that the short-term costs of the plastic straw ban would more significantly impact local food service businesses, if Bill 32-20 takes effect during the COVID-19 pandemic and economic recession. These crises have left many small food service businesses financially fragile,<sup>20</sup> which has made them more sensitive to increased business expenses. Local food service businesses may also have difficulty adapting to cut costs while the indoor dining limitations due to the pandemic remain in place. These

<sup>16</sup> The net change in economic activity assumed here would be lower if *local* food ware suppliers provide a portion of non-plastic straws to food service businesses—in other words, if assumption 2 is violated.

<sup>17</sup> To calculate the multipliers for the “food service sector,” OLO staff used the average multipliers for the food/beverage stores and food services/drinking places sector.

<sup>18</sup> It is worth noting that the lower bound estimates assume that all customers of these businesses reside in the County. The negative multiplier effect decreases the more the costs are passed onto *non-resident* customers of local food service businesses.

<sup>19</sup> Tonya Garcia, “Meet the Company Expected to Benefit from the War on Plastic Straws,” *MarketWatch*, August 29, 2018, <https://www.marketwatch.com/story/brace-for-a-big-surge-in-demand-for-paper-straws-2018-08-21>.

<sup>20</sup> Stephen Roblin, “COVID-19 Recovery Outlook: Small Businesses,” Office of Legislative Oversight, Montgomery County Council, June 12, 2020, <https://www.montgomerycountymd.gov/OLO/Resources/Files/2020%20Reports/COVID-19Recovery-SmallBusinesses.pdf>.



# Economic Impact Statement

## Office of Legislative Oversight

considerations, however, may not matter if the Bill is enacted, given that the plastic straw ban would not take into effect until a year after becoming law.

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### Residents

Workforce, property values, income, taxation policy, economic development, etc.

Enacting Bill 32-20 would likely have mixed results for County residents. On the one hand, customers of local food service businesses could pay higher prices for their goods and services. Paying higher prices would increase household expenses relative to incomes, assuming customers do not reduce their consumption from food service businesses. However, because the short-term increase cost of straws would be spread across thousands of customers, OLO expects the higher prices to have a marginal impact on *individual* households and, therefore, have little impact on consumer demand, even during the current recession. For instance, OLO does not expect a \$0.25 increase for a carry-out order to deter customers from patronizing food service businesses. Indeed, it is possible that customers who are environmentally conscious would gladly incur the cost to reduce plastic straw pollution.

On the other hand, County residents could benefit economically from the ban on plastic straws. As previously discussed, through damaging natural capital, plastic straw pollution creates economic costs to County residents. Although these costs are indirect and unquantifiable, a net decrease in straw pollution would reduce these costs for current and future County residents.

OLO sees no direct connection between Bill 32-20 and the Council's other priority indicators, namely workforce, property values, taxation policy, etc.

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# Economic Impact Statement

## Office of Legislative Oversight

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### CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent the OLO's endorsement of, or objection to, the bill under consideration.

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### CONTRIBUTIONS

Stephen Roblin (OLO) drafted this economic impact statement.