

OFFICE OF FISCAL ANALYSIS

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HB-6502

AN ACT CONCERNING THE USE OF CERTAIN POLYSTYRENE PRODUCTS, THE AVAILABILITY OF SINGLE-USE STRAWS, THE RELEASE OF CERTAIN BALLOONS AND THE COMPOSTABLE NATURE OF SINGLE-USE PRODUCE BAGS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Technical Education and Career System	GF - Cost	None	See Below
Department of Energy and Environmental Protection	GF - Revenue Gain	30,000	None
Consumer Protection, Dept.; Public Health, Dept.; Department of Energy and Environmental Protection	GF - Potential Revenue Gain	None	Less than 2,500

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$
Local and Regional School Districts	STATE MANDATE ¹ - Cost	None	2-2.8 million statewide
Various Municipalities	Potential Revenue Gain	None	Less than 7,500

Explanation

The bill creates various new environmental laws regarding plastics.

¹ State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

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Section 1 requires each school district, regional school district, regional vocational technical school, and constituent unit of higher education to develop a plan by July 1, 2022, to discontinue use of expanded polystyrene trays. The bill specifies that each plan must require (1) discontinuing use of the trays by July 1, 2023, and (2) preparing to end or amend any purchasing contracts for the trays by July 1, 2022. The plan requirement is not anticipated to result in a fiscal impact to local and regional school districts or the regional vocational technical schools, as they have staff with the purchasing experience necessary to amend existing contracts and create the plans. This section of the bill also has no fiscal impact to the constituent units, as they are not currently using expanded polystyrene trays and therefore are not required to develop plans.

To the extent that each plan's requirements are followed, the bill results in a state mandate and a statewide annual cost to local and regional school districts, including the Connecticut Technical Education and Career System, of up to approximately \$2 million to \$2.8 million, beginning as early as FY 23 and taking full effect in FY 24, associated with discontinuing the purchase and use of the trays.

The cost per district will vary by the size of the district, the number of trays used, and the specific contract. It is estimated that replacing polystyrene trays with trays made of recycled materials results in an increased cost of \$18 to \$25 for each case of 500 trays. Connecticut public schools provide 46 million lunches and 18 million breakfasts annually. While the bill does not specifically state that districts must use trays made of recycled materials, it is the most common replacement of polystyrene trays.

Assuming that a tray is used for each lunch, the additional statewide cost for purchasing lunch trays made of recycled materials is approximately \$1.7 million to \$2.3 million. Assuming 50% of breakfast meals are served with a tray, the statewide cost for breakfast trays is between \$324,000 and \$450,000.

The cost to each district for purchasing replacement trays will vary.

A small district serving approximately 350,000 meals will incur annual additional costs of approximately \$12,600 to \$17,500. A medium sized district serving 1.8 million meals will incur annual costs of approximately \$64,800 to \$90,000. Larger districts serving 2.5 million meals will incur annual costs of \$90,000 to \$125,000.

If a district instead purchases reusable plastic trays to replace all polystyrene trays, a more significant cost results. It is estimated that reusable plastic trays average \$10-\$12 per tray. In addition to the larger one-time cost of purchasing the trays, districts would incur additional ongoing, significant costs related to staff, dishwashing equipment, plumbing, electrical, and maintenance costs.

Section 2 prohibits restaurants or caterers, beginning on January 1, 2021, from providing single-use expanded polystyrene food and beverage containers to customers, with certain exceptions. It creates a set of penalties for violations of the bill's provisions.

Under the bill, a local health department or health district, the Departments of Public Health (DPH), Consumer Protection (DCP), or DEEP may enforce the ban. To the extent, a local health department or health district enforces the prohibition, half of the fine must be remitted to the municipality where the violation occurred. It is estimated that less than \$5,000 will be generated annually from violations of the bill's provisions.

Section 3 prohibits a full-service restaurant from automatically providing customers with a plastic straw, with certain exceptions. It establishes fines for violations and specifies that a municipal health district may enforce the bill's provisions. This prohibition is also anticipated to result in a revenue gain to the municipality in which the violation occurs, anticipated to be less than \$2,500 annually.

Section 4 prohibits the intentional releasing of helium or gas balloons into the atmosphere and creates an infraction for violations. This has no fiscal impact as no fines have been collected under this statute for the past twelve years.

Section 5 requires the DEEP commissioner to accept an application accompanied with a fee (on behalf of a single-use produce bag manufacturer) for a study to be performed by the Connecticut Academy for Science and Engineering on certain plastic food bags, by September 1, 2021. This is anticipated to result in a revenue gain to DEEP of approximately \$30,000 in FY 22 associated with remittance of the fee.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of container and straw violations and the extent of tray use among school districts.