

# Summary of [H995](#), An Act to require transparency and disclosure by materials recovery facilities

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7/1/2021

## Bill summary:

To address the concerns cited in the Rationale, [H995](#) requires MRFs to:

- Audit the composition of inbound material and outbound residue,
- Report inbound and outbound tonnages and destinations by commodity to MassDEP,
- Use a widely accepted published index as a basis for pricing in municipal contracts,
- Regularly report the pricing of commodities sold to the selected index,
- Require MassDEP to make current index pricing available to municipalities, and
- Restrict excess contamination surcharges to 150% of the actual disposal cost.

## Rationale:

Single stream recycling costs for municipalities rose from zero to over \$110/ton in the space of 6 years, sometimes fluctuating significantly from month to month. As of March 2021, net costs are in the \$65-85/ton range. Costs for source separated material are lower, but similar issues exist.

Municipal governments have little leverage in negotiating fair and transparent contracts for the acceptance of the recyclable commodities under their control. Pricing in contracts between municipalities and material recovery facilities (MRFs) are based on three factors:

1. **commodity composition:** the relative proportion of each recycling commodity in a mixed recycling system,
2. the **value** of each commodity, and
3. the **processing cost**.

A disproportionate cost risk is placed on the municipalities in many contracts.

MRFs are lightly regulated, and do not report the tonnages by commodity that they receive or sell. The MRFs set **commodity compositions** in municipal contracts, but there is no mechanism by which to verify their accuracy. There is also no way for MassDEP to determine how effectively MRFs are sorting the recyclables from non-recyclables. MassDEP has been asked to address this, but has not acted in the year since the first request was made.

Well established published indexes exist for the **values** of recycling commodities. Some MRFs use the indexes when the values are agreeable, but opt out when they say the values aren't reflective of the "actual" prices, and provide no primary documentation. Other MRFs eschew the indexes altogether, instead using their internal pricing without documentation. MRFs don't necessarily report to the indexes regularly, which may impact the index values.

Some MRFs are requiring payment 300% of actual disposal cost for excess contamination.