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FROM	NAME & TITLE	Robert Cename, Budget Director	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4774		
	SUBJECT	City Council Bill 21-0049 – Prohibited Disposals – Fines and Reporting (The Neighbors Against Predatory Dumping Act)		

DATE:

TO

The Honorable President and  
Members of the City Council  
City Hall, Room 400

April 16, 2021

**Position: Does Not Oppose**

The Department of Finance is herein reporting on City Council Bill 21-0049 – Prohibited Disposals – Fines and Reporting (The Neighbors Against Predatory Dumping Act), the purpose of which is to increase criminal penalties for illegal dumping that violates Title 7, Subtitle 6 of the Baltimore City Health Code and to require annual reporting from the Health Commissioner on the enforcement of the legislation.

**Background**

The disposal of any waste in an area not designated for such disposal is considered “illegal dumping.” This includes dumping at corner cans, in parks, in alleys, in yards of homes, and in lots of buildings. Illegal dumping is considered the dumping of large quantities of material ranging from large bags to building materials and bulky items. Currently, the fine for an illegal dumping citation is either \$500 or \$1,000, depending on the amount of waste.

The Department of Public Works estimates that approximately 10,000 tons of waste are illegally dumped annually. Illegal dumping is a persistent issue in Baltimore City and leads to many negative impacts on the environment and the health of communities. In addition to its potential to contaminate the soil, surface water, and groundwater, illegal dumping creates various health hazards for residents living in close proximity to dump sites.

It is difficult to profile a typical illegal dumper; however, offenders can include construction companies, landscapers, scrap collectors, unpermitted small haulers, and local residents. Illegal dumping generally takes place in more secluded locations, on vacant lots or homes, back alleys, and wooded areas. It is more common in areas with a high number of vacant homes or areas with transient populations that may not be familiar with trash collection schedules or other services.

The City dedicates extensive resources to prevent and respond to all types of illegal dumping, such as proactive cleaning, community education, and outreach communications. These measures are all key to working with residents to maintain public spaces and reduce incidents of illegal dumping. In addition, the City invests in enforcement of illegal dumping laws. While any agency with citation authority is able to issue a citation for illegal dumping, the Department of Housing and Community Development (DHCD) is the main agency that issues citations for illegal dumping through their Housing Code Enforcement Division, with a total budget in Fiscal 2021 of approximately \$12 million. The Environmental Control Board (ECB) holds hearings on citations issued for illegal dumping and other environmental citations. These

hearings can result in citations being upheld or fully or partially abated. ECB's Fiscal 2021 budget is approximately \$1.75 million.

### Fiscal Impact

The Department of Finance recognizes that the intent of this legislation is to deter illegal dumping, thereby reducing the number of citations, not to increase revenue collections. Finance does not anticipate that there would be increased operating expenses and projects minimal revenue increases if this law is enacted.

The table below provides an overview of the number of citations issued and revenue collected under Title 7, Subtitle 6 of the Baltimore City Health Code. Due to the nature of these citations, there are limited enforcement abilities to aid in collection. When DHCD has clear evidence of who is responsible for specific dumping, such as evidence caught on camera at a location, the City will pursue criminal charges. However, since these citations are not lienable and citations may be abated based on ECB findings, the collection rate for these citations is range from 7.2% to just under 10%. In addition, Finance notes that the "Outstanding" column takes into consideration the penalties that have been applied to unpaid citations, which is why it is greater than the "Value of Citations Issued".

Fiscal Year	Number of Citations	Value of Citations Issued	Paid	Collection Rate	Outstanding
2018	866	\$ 515,500	\$ 50,385	9.8%	\$ 692,260
2019	975	\$ 563,100	\$ 54,305	9.6%	\$ 749,700
2020	731	\$ 417,500	\$ 30,245	7.2%	\$ 734,305
2021*	258	\$ 151,000	\$ 13,615	9.0%	\$ 181,645
<b>Total</b>	<b>2,830</b>	<b>\$ 1,647,100</b>	<b>\$ 148,550</b>	<b>9.0%</b>	<b>\$ 2,357,910</b>

\*Fiscal 2021 data as of 4/1/2021

If enacted, this legislation would double the fine for illegal dumping under 25 lbs. from \$500 to \$1,000. Based on this increase, the value of citations issued would double. As the table below summarizes, collection rates for these specific citations range from 6.9% to 9.3%.

Fiscal Year	Number of Citations	Value of Citations Issued	Paid	Collection Rate	Increased Fine
2018	702	\$ 351,500	\$ 32,775	9.3%	\$ 702,000
2019	820	\$ 409,600	\$ 36,080	8.8%	\$ 820,000
2020	628	\$ 314,500	\$ 21,665	6.9%	\$ 628,000
2021*	215	\$ 108,000	\$ 9,615	8.9%	\$ 215,000
<b>Total</b>	<b>2,365</b>	<b>\$ 1,183,600</b>	<b>\$ 100,135</b>	<b>8.5%</b>	<b>\$ 2,365,000</b>

\*Fiscal 2021 data as of 4/1/2021

To evaluate what the impact of a 50% increase on the fee for dumping under 25 lbs. of waste will be, different collection rate decline scenarios were modeled. A 50% decline in the collection rate will be the breakeven point, where there is no increase or loss in the amount of revenue generated from this type of citation at the new fee. Any collection rate decline beyond 50% will lead to lower paid citation revenue, while any collection rate declines below 50% will lead to higher paid citation revenue.

Finance did not assume a reduction in citations for illegal dumping based on the increased fine due to several factors. First, individuals dump for various reasons and may be unaware of possible fines when dumping. Second, citations have remained consistent in recent years under the current fine structure and increasing the cost for a citation may not be a strong enough deterrent. Finally, repeat offenders may already be aware of the fines, but due to the nature of these citations may continue to dump and not pay the citations despite the increase.

Fiscal Year	Increased Fine	Coll. Rate Unchanged	Coll. Rate Declines 5%	Coll. Rate Declines 10%	Coll. Rate Declines 15%	Coll. Rate Declines 50%
2018	\$ 702,000	\$ 65,457	\$ 58,911	\$ 49,093	\$ 39,274	\$ 32,728
2019	\$ 820,000	\$ 72,230	\$ 65,007	\$ 54,173	\$ 43,338	\$ 36,115
2020	\$ 628,000	\$ 43,261	\$ 38,935	\$ 32,446	\$ 25,957	\$ 21,631
2021*	\$ 215,000	\$ 19,141	\$ 17,227	\$ 14,356	\$ 11,485	\$ 9,570
<b>Total</b>	<b>\$2,365,000</b>	<b>\$ 200,089</b>	<b>\$ 180,080</b>	<b>\$ 150,067</b>	<b>\$ 120,054</b>	<b>\$ 100,045</b>
	<b>Revenue Change</b>	<b>\$ 99,954</b>	<b>\$ 79,945</b>	<b>\$ 49,932</b>	<b>\$ 19,919</b>	<b>\$ (90)</b>

\*Fiscal 2021 data as of 4/1/2021

#### Other Considerations

The data for citations issued in Fiscal 2021 is not representative of normal citation activity due to disruptions from COVID to the issuance of illegal dumping citations. At the start of the pandemic, DHCD inspectors were not in the field. When it was clear this would be an extended event, DCHD resumed responding to service requests. However, investigations have been limited to what is clearly visible to avoid investigators having to physically sort through trash as a COVID-19 safety precaution.

Illegal dumping and enforcement efforts have varying impacts related to equity. As stated before, illegal dumping itself can be an equity issue based on communities that are more likely to be sites where people dump waste illegally. That dumping has impacts on the community and individuals. In addition, the fine may impact people inequitably, depending on who is dumping and why and increasing the fine may add an additional burden for an individual or household. Further analysis would need to be completed to clearly state what the impacts might be for various communities.

#### Conclusion

The Department of Finance does not expect this legislation to increase operating expenses or revenues. However, Finance is also not certain that this action will directly impact illegal dumping rates across the City and defers to the Department of Housing and Community Development on the impact of this policy on illegal dumping based on their expertise in this area.

**For the reasons stated above, the Department of Finance does not oppose City Council Bill 21-0049.**

cc: Henry Raymond  
 Natasha Mehu  
 Nina Themelis