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ISSUE BRIEF

ECONOMIC IMPACTS OF FOOD WASTE DIVERSION IN ILLINOIS

Food does not belong in the trash. And yet, 2.6 million tons of food are thrown away in Illinois each year.[1] Food waste makes up 20 percent of Illinois's landfills, where it creates the potent climate pollutant methane as it decomposes.[2] Much of this wasted food could be rescued and redistributed to community members in need of food assistance. What cannot be eaten should be repurposed for animal feed, compost, or other recycling efforts. This is not just an environmental or hunger issue; it is a missed economic opportunity. Policies that divert food waste from landfills reduce climate pollutants, increase food rescue, and offer a host of economic benefits.

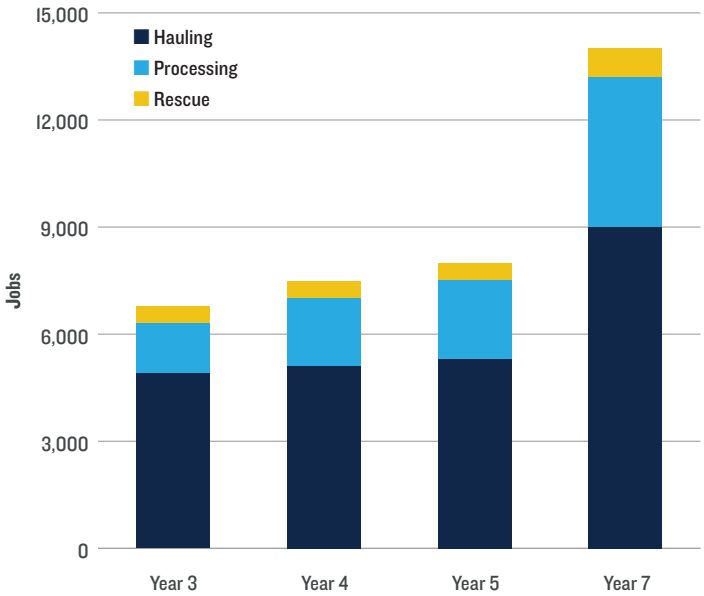
In order to estimate these benefits for Illinois, a new study commissioned by NRDC looks at the potential economic impacts of three food waste diversion policy scenarios, which would be gradually phased in over seven years. The study and modeling were based on similar groundbreaking research ICF conducted to gauge the impact of Massachusetts's highly successful food waste diversion policy.[3]

According to the study, upon full implementation a comprehensive food waste diversion policy in Illinois could lead to:[4]

- 14,000 jobs created across the state;
- $3.8 billion in cumulative economic activity;
- $172 million in cumulative tax revenue due to supply chain impacts and economic ripple activity;
- 2.2 million tons of food waste diverted from landfills each year; and
- 9 million metric tons of carbon dioxide equivalent ($MTCO_2e$) less pollution over the course of ten years, the same as taking two million cars—approximately one in five cars in Illinois—off the road for a year.[5]

Figure 1: Cumulative Growth in Employment for Comprehensive Scenario

A comprehensive scenario would result in an increase in direct, indirect, and induced employment, with more jobs added as additional generators are covered by the policy. The model estimates approximately 14,000 jobs would be supported in total upon full implementation of the scenario in year seven.



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Based on analysis by ICF

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SCENARIOS

Eleven states already have food waste diversion laws in place, which have resulted in substantial growth of food rescue organizations, waste haulers, and organic waste processing businesses.[6] To understand the potential impact of a similar policy in Illinois, NRDC hired consultant ICF to model the impacts of three potential food waste diversion policies in Illinois. Since most existing policies differ primarily in who is required to adhere to the policy, ICF modeled the following:

- A **comprehensive scenario** covering all businesses, institutions, and households (similar to Vermont's policy);
- A **geographic exclusion scenario** that only applies to those food waste generators within 20 miles of a food waste processing plant (similar to New Jersey and Maryland's policies);
- A **small generator exclusion scenario** that exempts households and institutions that generate small amounts of food waste per location (similar to New York's policy).

While any of these scenarios would reduce the amount of food that ends up in Illinois's landfills, it is clear from ICF modeling that the comprehensive policy would produce the greatest benefits for the state. As we have seen in other states, these benefits could come at minimal cost to consumers if states, local governments, and private investors utilize available funding and economic pathways to support the development of new food waste infrastructure and programs. The specific mechanisms for funding infrastructure and program expansion in Illinois should be researched further.

FINDINGS

A food waste diversion policy would create jobs

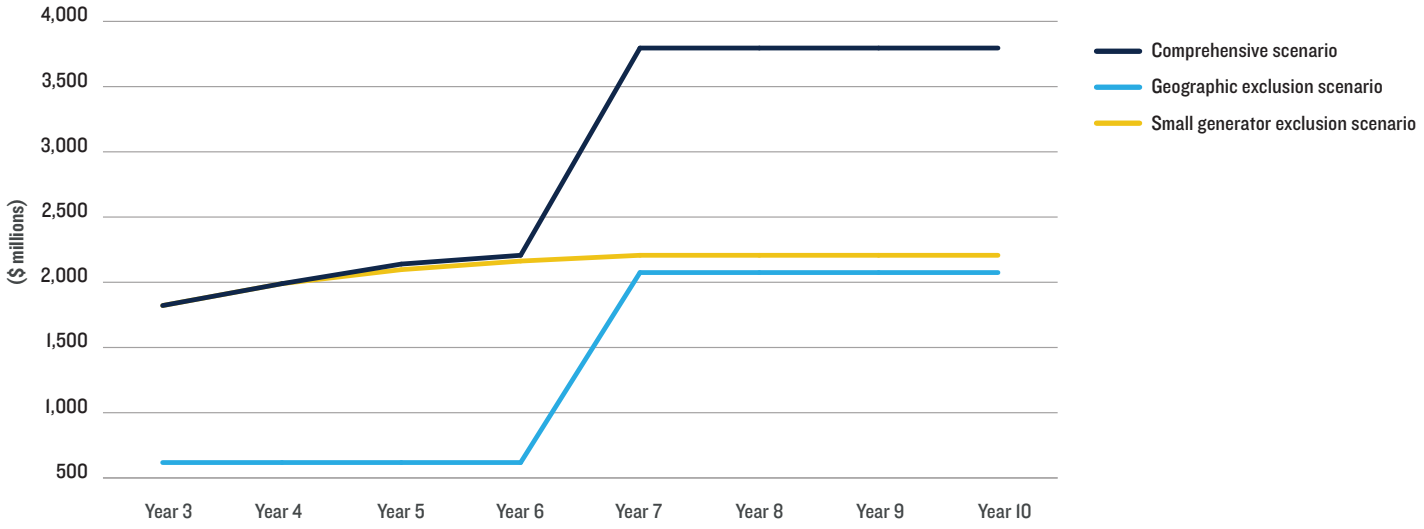
It is estimated that a comprehensive food waste diversion policy would support (directly, indirectly, or induced) approximately 14,000 jobs across the state's economy upon full implementation. This would be a 33 percent increase in the growth of the waste management sector. Most of these jobs would be created by the waste hauling sector, but additional gains would be seen in composting and organic waste processing, as well as food rescue. Due to the more limited scope of the geographic exclusion scenario and the small generator exclusion scenario, both of these alternatives support fewer total jobs, estimated at just 8,000 jobs across the state upon full implementation.

A food waste diversion policy would benefit the economy

Under the comprehensive scenario, diverting food waste from the largest generators in Illinois would initially create $1.8 billion of economic activity, with marginal additional growth as more generators are phased into compliance, then leaping to $3.8 billion when the smallest generators are included. However, the geographic exclusion scenario offers significantly lower diversion potential. It results in $600 million of industry activity when only the largest generators must comply and $2 billion at full implementation. Economic activity represents all the dollars that are transferred between companies and individuals for the goods and services created from the increased employment of the policy. For example, it includes the cost to residents for a

Figure 2: Increase in Economic Activity by Scenario ($ millions)

Comparison of three policy scenarios' impact on economic activity over time.



hauling company to pick up their compost, as well as the cost for the hauling company to buy, operate, and maintain their fleet of vehicles, the cost of manufacturing those vehicles, and the household spending of the people employed.

A food waste diversion policy would increase tax revenue

Though there will be costs to state and local governments to implement a food waste diversion policy, there will also be increases to tax revenue, including direct, indirect, and induced impacts from the supply chain and economic ripple activity. The comprehensive scenario estimates new state and local tax revenue on the order of $82 million in the first year. This number would steadily rise as more businesses divert their wasted food, up to $172 million upon full implementation.

A food waste diversion policy would reduce climate pollution

As food waste rots in a landfill, it generates methane, a potent climate pollutant. Recycling food scraps into nutrient-rich soil amendment has a net savings of 0.65 $MTCO_2e$ for every ton of food waste recycled into compost rather than going to a landfill. Climate pollution savings in the comprehensive scenario would be equal to 9 million $MTCO_2e$ over ten years. This is the same emissions reduction as taking two million cars off the road for a year.[7]

Households account for a lot of food waste

Households account for 36 percent of food waste generated in Illinois, and a policy that only covers large generators such as grocery stores and food manufacturers would be correspondingly muted. Therefore, the small generator exclusion scenario would produce fewer jobs and much lower tax revenue and industry activity than the comprehensive scenario. Though ensuring compliance with a food waste diversion policy for all households in a state is a big and expensive undertaking, especially for local governments, the greatest diversion impact is realized by ensuring all households are diverting their food waste.

Geographic exclusions reduce impact

For states without robust food scrap composting infrastructure in place, distance exemptions can significantly limit the policy's impact. Distance exemptions also introduce extra regulatory and enforcement burdens. Only one-third of businesses and residents in Illinois are currently within a 20-mile radius of existing food waste processing infrastructure. This means that, under the geographic exclusion scenario, the relative benefits resulting from a food scrap diversion policy would be that much lower than the corresponding results in the comprehensive scenario.

CONCLUSION

Increased food waste diversion is an incredible untapped economic opportunity for Illinois. By implementing a comprehensive policy, the state can create thousands of new jobs, generate billions in economic activity, make more food available locally, and reduce climate pollution. By being a leader on this issue, Illinois has an opportunity to turn waste into wealth—for communities, businesses, and the climate.

Endnotes

1 Illinois Materials Management Advisory Committee, *Report to the General Assembly*, Illinois Environmental Protection Agency (EPA), July 1, 2021, 26, https://epa.illinois.gov/content/dam/soi/en/web/epa/topics/waste-management/materials-management/documents/materialsmanagementadvisorycommittee/mmac-report-approved-7-1.pdf.

2 Illinois EPA, "Food Waste," accessed January 28, 2026, https://epa.illinois.gov/topics/waste-management/materials-management/food-waste.html.

3 There has been criticism of current state food waste diversion policies' ability to achieve tangible results. Though there are flaws in how some policies have been implemented and others have been measured, we aimed to model the impact of state food waste diversion policies under ideal circumstances while also recognizing common limitations. More details about how ICF modeled a sensitivity analysis can be found in the report.

4 ICF, The Economic Impacts of Food Waste Diversion Policies in Illinois, commissioned by NRDC, January 2026, https://www.nrdc.org/sites/default/files/2026-02/the-economic-impacts-of-food-waste-diversions-policies-in-illinois.pdf.

5 U.S. EPA, "Current Waste Reduction Model Tool – Version 16," December 2023, Versions of the Waste Reduction Model, accessed January 28, 2026, https://www.epa.gov/waste-reduction-model/versions-waste-reduction-model; U.S. EPA, "Greenhouse Gas Equivalencies Calculator," accessed January 28, 2025, https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator#results.

6 Darby Hoover et al., "How State Organic Waste Ban Policies Can Drive Food Waste Reduction," NRDC, July 29, 2025, https://www.nrdc.org/bio/darby-hoover/how-state-organic-waste-ban-policies-can-drive-food-waste-reduction; California, Connecticut, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Washington have food waste diversion policies as of January 2026.

7 U.S. EPA, "Greenhouse Gas Equivalencies Calculator."