

HOUSE BILL REPORT

HB 2635

*As Reported By House Committee on:
Revenue*

Title: An act relating to the litter assessment.

Brief Description: Revising the model litter control and recycling act.

Sponsor(s): Representatives Rust, Horn, Valle, Heavey, Winsley and Brekke.

Brief History:

Reported by House Committee on:
Revenue, February 8, 1992, DPS.

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 13 members: Representatives Wang, Chair; Fraser, Vice Chair; Brumsickle, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Belcher; Carlson; Day; J. Kohl; Leonard; Morris; Morton; Rust; and Silver.

Staff: Robin Appleford (786-7093).

Background: The state imposes an annual tax on the value of certain products manufactured and sold within the state. The tax is collected by the Department of Revenue (DOR) and applies in the same manner as the state business and occupation tax to specified categories of products. The rate of 0.015 percent is imposed on the manufacture, wholesale, and retail of:

- 1) Food for human or pet consumption;
- 2) Groceries
- 3) Cigarettes and tobacco products;
- 4) Soft drinks and carbonated waters;
- 5) Beer and malt beverages;
- 6) Wine;
- 7) Newspapers and magazines;
- 8) Household paper and paper products;
- 9) Glass containers;
- 10) Metal containers;
- 11) Plastic or fiber containers;

- 12) Cleaning agents and toiletries; and
- 13) Drugstores' sundry products excluding drugs.

Proceeds from the tax are deposited in the litter control account and are used for youth litter patrol programs, public education, administration of the Model Litter Control and Recycling Act, and recycling.

Summary of Substitute Bill: For fiscal year 1993, proceeds from the litter tax may be used to control litter, encourage recycling, enforce compliance with the litter tax, and for market development. After fiscal year 1993, youth litter control programs are guaranteed the same percentage of revenues as current law. Remaining revenues may be used for recycling, encouraging compliance with the litter tax, market development for recycling, and purposes specified in current law.

Instead of requiring businesses to separately account for taxable and nontaxable products, DOR may establish rules allowing businesses to pay the tax based on the ratio of the taxable activity to total sales.

Substitute Bill Compared to Original Bill: Reduction of packaging waste and enforcement of environmental advertising standards are deleted as purposes for which litter tax may be spent. Expansion of the litter tax base to textiles, automotive parts, business paper and paper products, and building materials is removed. The uses of the litter tax are changed to guarantee the same percentage of revenues for youth litter control programs as current law. The Department of Revenue is no longer directed to require businesses to separately account for taxable and nontaxable products.

Fiscal Note: Available.

Effective Date of Substitute Bill: This bill takes effect July 1, 1992.

Testimony For: Finding markets is the most important problem facing recycling today. The Clean Washington Center needs a continuing revenue source so it can address all aspects of the recycling process. The Department of Revenue would like to be part of the funding solution for the Clean Washington Center, but would also like a minor language change.

Testimony Against: Business and the retailers support funding for the Clean Washington Center, but not through new taxes or fees. The paper industry could support the

expansion of the tax base, but only if the state ban on packaging bans is extended.

Witnesses: Mike Todd, Washington Council For Recycling; Laura Oidings, Washington Organic Recyclers; and Russ Brubaker, Department of Revenue (all in favor). Robert Berger, Department of Transportation (concerns with loss of funding for Department of Ecology Youth Corps Program). Kris Backes; Association of Washington Business; Jan Gee, Washington Retailer's Association; and Becky Bogard, American Paper Institute (all opposed).