

ANALYSIS OF HB 3058

House Agriculture & Ecology Committee

January 29, 1998

BACKGROUND:

The Model Litter Control Act was enacted in 1971 as the legislative alternative to an initiative that would have established a consumer deposit on glass beverage containers. The 1971 legislation enacted a tax of 0.015 percent (or \$1.50 on every \$10,000 of sales) on the sale of 13 specified categories which include food, cigarettes, beverages, and packaging materials. The tax is paid to the Department of Revenue on an annual basis. The tax generates approximately \$4 million dollars per year. The Legislature has not changed the original tax base but has broadened the purposes of how tax revenues can be used by including waste reduction, recycling, and market development for recyclable materials.

Litter tax revenues are currently appropriated to a number of state agencies. The Department of Ecology uses litter tax funds to administer the youth litter patrol program, to conduct public education programs, and to provide technical assistance to local government recycling programs. The Clean Washington Center, within the Department of Community, Trade and Economic Development, uses the tax to develop markets for recyclable materials. The Department of Natural Resources uses the tax for litter pickup on state lands. The Department of Revenue uses tax revenues to ensure taxpayer compliance with the litter tax. The Parks and Recreation Commission uses the tax for statutorily required recycling efforts in state parks. In 1990, the Legislature directed the Department of Ecology to provide grants to local governments to fund litter pickup programs.

Revenues from the tax are subject to a statutory formula as follows: Forty to 50 percent of litter tax revenues must be used for the youth litter pickup program. No more than 60 percent may be used for public education and awareness programs to control litter, programs to foster local recycling efforts, encourage recycling, and develop markets for recyclable materials; and compliance with the litter tax. In practice, the statutory distribution formula has been applied only for appropriations made to the Department of Ecology.

A Litter Task Force comprised of state agencies, the associations of cities and counties, payers into the litter tax, and recyclers was convened in July 1997 to examine the effectiveness of litter control programs under current law. The Task Force made a number of recommendations, including making a single agency responsible and accountable for administering agency allocations of litter tax funds, establishing a local government funding

program for litter control activities by cities and counties, encouraging the Department of Revenue to increase taxpayer compliance with the litter tax, and creating an additional competitive source of capital and operating funds for local or state agencies. Equipment purchases would receive priority from this fund.

SUMMARY:

Several changes are made to current law. References to marketing and the Clean Washington Center are removed as a purpose of the Waste Reduction, Recycling, and Model Litter Control Act. The term illegal dumping– is included in the definition of litter. The Department of Ecology is responsible for administering the distribution of appropriations from the Waste Reduction, Recycling, and Litter Control Account to state agencies and local governments. Funds for local governments are no longer distributed as grants but through funding agreements.

The distribution of the litter tax is changed and additional responsibilities are provided to the Department of Ecology. Fifty percent is provided to Ecology for use by state agencies for litter collection programs and the development of statewide programs to increase public awareness of recycling. In addition, these funds support a new central coordination function to be provided by Ecology for all litter control efforts statewide and a new biennial litter survey. Twenty percent is provided to Ecology for use by local governments to control litter. Thirty percent is provided to Ecology for waste reduction and recycling efforts.

Ensuring compliance with litter tax collection remains a function of the Department of Revenue.