

SENATE BILL REPORT

SB 5798

As Reported By Senate Committee On:
Agriculture & Environment, March 5, 1997

Title: An act relating to the secondary materials industry.

Brief Description: Developing and expanding the secondary materials industry.

Sponsors: Senators Swecker and Fraser.

Brief History:

Committee Activity: Agriculture & Environment: 3/4/97, 3/5/97 [DPS-WM].

SENATE COMMITTEE ON AGRICULTURE & ENVIRONMENT

Majority Report: That Substitute Senate Bill No. 5798 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Morton, Chair; Swecker, Vice Chair; Fraser, McAuliffe, Oke and Rasmussen.

Staff: Kari Guy (786-7437)

Background: The Clean Washington Center was created in 1991 to provide business assistance, research, marketing, and policy analysis to further the development of markets for recycled products. The center, housed within the Department of Community, Trade, and Economic Development, is assisted by a policy board comprised of two members representing the Legislature, one member from the cities, one member from counties, and five private sector members. The center's activities are funded with a combination of revenue from the state litter tax, federal grants, and other private sources of funding.

The Clean Washington Center is scheduled to terminate on June 30, 1997. A report commissioned by the center in 1994 reviewed various organizational options for continuation of the center's market development activities after the 1997 termination of the center. Options addressed included continuation of the center as a state agency, creation of a state commission such as the State Apple Commission, and reorganization of the center as a nonprofit organization.

Beginning in 1989, a 1 percent surcharge on solid waste collection was collected to fund state recycling programs. Revenue from the solid waste surcharge was used to fund recycling programs in the Department of Ecology and the market development programs of the Clean Washington Center. The surcharge had a 1995 sunset, and was not renewed by the Legislature.

The state ethics law provides prohibitions against certain employment of state employees after leaving state employment. The law prohibits an employee from accepting employment

with an employer, within two years of leaving state employment, if the employee has negotiated contracts with that employer on behalf of the state.

Summary of Substitute Bill: The Department of Community, Trade, and Economic Development may contract with a private, nonprofit corporation to provide market development for recycled products. The contract may allow the nonprofit corporation to charge fees for services provided, and may allow the transfer of equipment from the Clean Washington Center to the nonprofit corporation for reasonable compensation. The contract must be reviewed annually.

An advisory committee is created to assist the Department of Community, Trade, and Economic Development in developing a request for proposals and administering the contract. The advisory committee includes representatives of the Department of Ecology, cities, counties, and the private sector.

The termination date for the Clean Washington Center is extended to December 31, 1997.

A tax of .5 percent is imposed on each person using the services of a solid waste collection service. Revenue is deposited in the recycling and waste prevention account. Expenditures from the account may be used for technical assistance to local governments for recycling plans and programs; market development for recycled materials; and other planning, research, and studies of recycling and waste reduction.

State employees may accept employment with a private nonprofit corporation providing services under contract with the state for recycled materials market development without violating the state ethics law.

Substitute Bill Compared to Original Bill: A process for developing and reviewing the contract for recycled materials market development is added. The exemption from the state ethics law is narrowed to apply only to state employees working on a contract for recycled materials market development.

Appropriation: None.

Fiscal Note: Requested on February 27, 1997.

Effective Date: The bill contains an emergency clause and takes effect on June 15, 1997.

Testimony For: The Clean Washington Center has been very effective at jump starting the market for recycled materials in Washington. This has encouraged a large capital investment and many new jobs in the state. The state's investment in funding these efforts is returned in higher tax revenues to the state. The Center has provided technical assistance to a number of existing businesses which has allowed them to decrease waste and save money. The solid waste tax will allow the work of the Center to continue, and fund other technical assistance programs in the Department of Ecology.

Testimony Against: It is unclear whether a nonprofit is created by this bill or whether companies must bid for the contract. The centralized market development effort ignores local problems and concerns. Other organizations, such as local economic development

agencies and the state universities, should be utilized to increase recycled material market development. The solid waste tax will have serious implementation costs for haulers; the Clean Washington Center should not be funded by a tax on all solid waste collection. Allowing existing Clean Washington Center staff to go to work for the new nonprofit creates a conflict of interest.

Testified: PRO: David Dougherty, Clean Washington Center; Diane Gale, City of Seattle; Buddy Schract, WSRA; Don Freas, TriVitro Corporation; Dave Roller; Lynne King, Sellen Construction; Bob Gee, WRA; CON: J.P. Jones, Exec. Dir., WA Refuse and Recycling Association.