

HOUSE BILL REPORT

HB 1309

As Reported by House Committee On:

Environment

Appropriations Subcommittee on General Government

Title: An act relating to directing state investments of existing litter tax revenues under chapter 82.19 RCW in material waste management efforts without increasing the tax rate

Brief Description: Directing state investments of existing litter tax revenues under chapter 82.19 RCW in material waste management efforts without increasing the tax rate.

Sponsors: Representatives Upthegrove, Short, Magendanz, Nealey, Morris, Walsh, Takko, McCoy, Liias, Springer, Pollet and Kagi.

Brief History:

Committee Activity:

Environment: 2/14/13, 2/19/13 [DPS];

Appropriations Subcommittee on General Government: 2/23/13 [DPS(ENVI)].

Brief Summary of Substitute Bill

- Adds composting as a subject covered by the Waste Reduction, Recycling, and Litter Control Act.
- Changes requirements for litter tax funds allocated to local government grant programs, local government waste reduction and recycling programs, and litter collection efforts coordinated by the Department of Ecology.

HOUSE COMMITTEE ON ENVIRONMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Upthegrove, Chair; McCoy, Vice Chair; Short, Ranking Minority Member; Crouse, Farrell, Fey, Kagi, Liias, Morris, Nealey and Tharinger.

Minority Report: Do not pass. Signed by 2 members: Representatives Pike, Assistant Ranking Minority Member; Overstreet.

Staff: Jacob Lipson (786-7196).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

The Waste Reduction, Recycling, and Litter Control Act (Act), dating to 1971, prohibits littering and establishes statewide programs to prevent and clean up litter, reduce waste, and increase recycling. These programs are funded by the 0.015 percent litter tax (chapter 82.19 RCW) on retailers' gross proceeds on 13 categories of consumer products. The products subject to the litter tax include groceries, alcoholic beverages, household paper products, glass and metal containers, and toiletries.

Waste Reduction, Recycling, and Litter Control Programs.

The programs funded by the litter tax under the Act include litter collection efforts by state agencies, and state assistance of local government waste reduction and recycling programs. Also established by the Act is the Ecology Youth Corps program, which employs teens to collect litter from highways, parks, and other public areas, and to recycle collected materials as appropriate. Litter tax funding is directed to programs as follows:

- 20 percent of litter tax funds are allocated to local city and county waste reduction, recycling, and litter control programs, which are administered by the Department of Ecology (DOE) as the Community Litter Cleanup Program;
- 30 percent of litter tax funds are allocated to the DOE for waste reduction and recycling efforts; and
- 50 percent of litter tax funds are allocated to litter collection efforts by several state agencies, including the departments of Ecology, Transportation, Corrections, Revenue, and Natural Resources. This 50 percent allocation of the litter tax is also used to cover the DOE's costs of coordinating statewide litter control efforts, to conduct a statewide litter survey, and to conduct statewide public awareness programs.

Reporting Requirements.

Every two years the DOE must survey statewide litter composition, sources, demographics, and geographic trends. Every two years in March, the DOE must also provide the Legislature with a summary of state and local governments' waste reduction, litter control, and recycling efforts.

Summary of Substitute Bill:

Scope of the Act.

The encouragement of composting is added as a purpose of the Act. State and local government programs authorized by the Act may include composting activities in addition to waste reduction, recycling, and litter control efforts, and these efforts must be primarily focused on the 13 categories of products subject to the litter tax.

Allocation of Litter Tax Funds.

Thirty percent of litter tax funds are allocated to the DOE for three purposes:

- to implement waste reduction, recycling, and composting efforts, including coordination with other state agencies, local governments, and voluntary efforts;

- to provide technical assistance to local governments for recycling and composting programs; and
- to increase access to waste reduction, composting and recycling programs.

The Ecology Youth Corps and litter collection efforts by state agencies are funded by the 50 percent litter collection allocation to the DOE and other agencies.

A matching fund competitive grant program for local governments and nonprofit organizations is funded by the 20 percent of litter tax funds allocated to the DOE to fund local government waste reduction, litter collection, and recycling efforts. The matching grant program is used by local governments and nonprofit organizations for local or statewide litter control, waste reduction, recycling, or composting education programs. The matching fund grant program contains the following restrictions and structural elements:

- local governments must match up to 25 percent of eligible grant program expenses in cash or contributed services;
- grants must be less than \$60,000;
- legislative appropriation to the 20 percent litter tax allocation is required in order for grant payments to be made;
- grants are managed under existing DOE grant program guidelines; and
- any unspent funds from the other categories of litter tax revenue allocations may be applied to the competitive grant program.

Reporting Requirements.

Every five years the DOE must survey statewide litter composition, sources, demographics, and geographic trends. When requested by the Legislature, the DOE must also provide a summary of waste reduction, litter control, recycling and composting efforts.

Substitute Bill Compared to Original Bill:

Restrictions are added to the local government and nonprofit matching grant program funded by the 20 percent allocation of litter tax revenues. These new restrictions include a \$60,000 limitation on grants to nonprofits or local governments, and a requirement that grant recipients match 25 percent of grant expenses. Nonprofit organizations must contribute this 25 percent match of grant expenses in cash, but local governments may meet the match by contributing services or cash.

The substitute bill funds the statewide litter survey and public awareness program bill under the 50 percent allocation of litter tax revenues; in the original bill, these two activities were double-funded under both the 30 percent allocation and the 50 percent allocation of litter tax revenues.

The substitute bill requires the Legislature to request the DOE's summary of waste reduction, litter control, and recycling efforts, instead of the report being produced at an unspecified time.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 19, 2013.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill will help support the DOE's waste reduction, recycling, and litter pick up efforts. Recycling efforts serve local economic and public interests, and unnecessarily wasted materials cost money and waste energy. This bill re-emphasizes that litter tax revenues, which are supposed to fund litter pick up and related efforts, should not be raided for General Fund purposes. Under the bill, matching grants for local governments, which currently go mostly to local government jail crew pickups, would also be opened up to matching competitive grants to local governments and nonprofits. The current allocations of litter tax funds for picking up litter, funding local governments, and waste reduction and recycling would be maintained, but refined to provide clearer direction to the DOE regarding the specific programs that should be conducted with each category of allocated funds. This bill places an appropriate focus on waste management for the products subject to the litter tax. Composting has been added to the bill because food containers are increasingly compostable.

(Opposed) None.

Persons Testifying: Laurie Davies, Department of Ecology; Carolyn Logue, Washington Food Industry Association; and Suellen Mele, Zero Waste Washington.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT

Majority Report: The substitute bill by Committee on Environment be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Hudgins, Chair; Parker, Ranking Minority Member; Buys, Chandler, Dunshee, Hunt, Pedersen and Springer.

Minority Report: Do not pass. Signed by 1 member: Representative Taylor.

Staff: Michael Bennion (786-7118).

Summary of Recommendation of Committee On Appropriations Subcommittee on General Government Compared to Recommendation of Committee On Environment:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Since the Waste, Reduction, Recycling and Litter Control Account was established in 1971 the Department of Ecology (DOE) has used the funds for highway litter cleanup, preventing litter, and for recycling of products found in public places. The clarification in the bill will help these efforts continue and keep the focus on the work the account was established to do. The competitive grant program will allow nonprofit organizations to apply for funds for efforts in litter and recycling work, and public education and outreach at the local level. There is no fiscal impact to the DOE because the department will incorporate the grant program into existing guidelines for grants to not-for-profit organizations.

The Washington Food Industry has brought the bill forward as we have watched how the litter funds have been redirected and used in recent years for purposes outside of litter cleanup. There have been product bans in some cities, such as the plastic bag ban in Seattle, based on the fact that there is a waste problem. The money is there to address the problem and should be utilized. The bill is revenue neutral. The addition of composting is in recognition of new technologies and ways of reducing waste. The grant program will help maximize the dollar usage and allow nonprofit organizations to be involved in the public education and outreach of how to reduce waste effectively.

The bill clarifies, prioritizes, and reaffirms the importance of using the funds for effective waste reduction, recycling, and litter control programs. In addition, the bill helps increase recycling, which helps create jobs. For every one job created to dispose of waste, 20 jobs are created if that waste is instead recycled.

(Opposed) None.

Persons Testifying: Laurie Davies, Department of Ecology; Carolyn Logue, Washington Food Industry Association; and Suellen Mele, Zero Waste Washington.

Persons Signed In To Testify But Not Testifying: None.