

FINAL BILL REPORT

ESHB 1060

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Synopsis as Enacted

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: House Committee on Environment (originally sponsored by Representatives Fitzgibbon, Short, Farrell, Pike, Gregerson, Jinkins and Fey).

House Committee on Environment
House Committee on General Government & Information Technology
Senate Committee on Energy, Environment & Telecommunications

Background:

The Waste Reduction, Recycling, and Litter Control Act (Act) prohibits littering and establishes statewide programs to prevent and clean up litter, reduce waste, and increase recycling. These programs are funded by a 0.00015 percent litter tax on manufacturers', wholesalers', and retailers' gross proceeds on 13 categories of consumer products. The products subject to the litter tax include human food, pet food, groceries, cigarettes, tobacco products, wine, beer, malt beverages, soft drinks, carbonated water, household paper products, cleaning agents, toiletries, nondrug drugstore assorted products, and glass, metal, plastic, and synthetic fiber containers.

Allowed Uses of Litter Tax Revenues: Waste Reduction, Recycling, and Litter Control Act Programs.

The programs funded by the litter tax under the Act include litter collection efforts by state agencies including the Department of Ecology (ECY) and state assistance of local government waste reduction and recycling programs. Also established by the Act is the ECY Youth Corps program, which employs teens to collect litter from highways, parks, and other public areas.

In most years, litter tax revenues have been directed into a Waste Reduction, Recycling, and Litter Control Account (Account), from which revenues are distributed to fund the Act's programs as follows:

- Fifty percent is 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 ECY's

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costs of coordinating statewide litter control efforts, to conduct a statewide litter survey, and to conduct statewide public awareness programs.

- Twenty percent is allocated to local city and county waste reduction, recycling, and litter control programs, which are administered by the ECY as the Community Litter Cleanup Program; and
- Thirty percent is allocated to the ECY for waste reduction and recycling efforts.

2013 Amendments to Litter Tax Allowed Uses and Waste Reduction, Recycling, and Litter Control Act Programs.

In 2013 legislation was enacted that distributes \$5 million per fiscal year of litter tax revenue to the State Parks Renewal and Stewardship Account until July 1, 2017. This money is to be used to fund the operations and maintenance of state parks.

In addition, several changes to the allowable uses of litter tax revenues in the Account were made in the 2013-15 operating budget, which apply only during the 2013-2015 biennium. Under these 2013 amendments, during the 2013-2015 biennium litter tax funds used for Act programs must generally be prioritized for recycling and litter programs for the products subject to the litter tax. In addition, the following specific uses of litter tax funds in the Account are authorized during the 2013-2015 biennium:

- Out of the 50 percent of Account money allocated for litter collection efforts by state agencies, the ECY Youth Corps was specifically authorized to be funded.
- Out of the 20 percent of Account money allocated to the ECY to fund local government activities, the ECY was also authorized to create a matching fund competitive grant program to local governments and nonprofit organizations for litter reduction and recycling public assistance programs related to the items subject to the litter tax. Unspent funds from other Act programs were allowed to be spent on the matching fund competitive grant program.
- The 30 percent of Account money allocated to the ECY for waste reduction and recycling were allocated during the 2013-2015 biennium for the following activities:
 - to implement waste reduction and recycling efforts, including coordination with other state agencies, local governments, and voluntary efforts;
 - for technical assistance to local governments for commercial and residential recycling programs primarily for products subject to the litter tax; and
 - to increase access to recycling programs, particularly for food packaging, plastic bags, and appropriate techniques of discarding products.

Summary:

Scope of the Act's Programs.

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. In addition, the 2013-2015 biennium requirement that Act programs prioritize the 13 categories of products subject to the litter tax is made permanent. The requirement that the ECY periodically conduct a statewide litter survey targeting litter composition, sources, demographics, and geographic trends is eliminated.

Allocation of Litter Tax Funds.

The changes to the specific allowable uses of litter tax funds in the Account made in the 2013 budget are, with some further changes, made permanent. Under the 30 percent allocation of Account money to the ECY under the Act, three activities are authorized:

- implementing waste reduction, recycling, and composting efforts, including coordination with other state agencies, local governments, and voluntary efforts;
- providing technical assistance to local governments for recycling and composting public education programs; and
- increasing access to waste reduction, composting and recycling programs.

The 2013-2015 biennium's funding of the ECY Youth Corps among the state agency litter collection activities funded as part of the 50 percent allocation of Account money to the ECY is extended permanently.

The 2013-15 biennium's matching fund competitive grant program is also extended permanently. The competitive grant program is funded from any unspent funds in the 20 percent of Account money that is also allocated to the ECY for local government waste reduction, litter control, composting, and recycling efforts. Composting is added as a subject of the matching fund competitive grant program, and the following restrictions and structural elements are added to the grant program:

- Grants must be less than \$60,000.
- Local governments must match 25 percent of eligible grant program expenses in cash or contributed services.
- A legislative appropriation is required in order for grant payments to be made.
- Grants must be managed under existing the ECY grant program guidelines.

Grants received by nonprofit organizations are not subject to the state business and occupation tax.

Votes on Final Passage:

House	96	1
Senate	47	0

Effective: July 24, 2015
June 30, 2017 (Sections 3 and 6)