

SENATE BILL REPORT

SB 5659

As Reported by Senate Committee On:
Energy, Environment & Telecommunications, February 18, 2015

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: Senators Ericksen, Sheldon, Pearson, Braun, Hatfield, Hobbs, Mullet and Benton.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 2/12/15, 2/18/15 [DPS-WM, DNP].

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: That Substitute Senate Bill No. 5659 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; Braun, Brown, Cleveland, Habib and Honeyford.

Minority Report: Do not pass.

Signed by Senator McCoy, Ranking Minority Member.

Staff: Jan Odano (786-7486)

Background: A tax is imposed on businesses whose products, including the packaging, wrapping, and containers are reasonably related to the litter problem in the state. The types of products that fall under this tax include beer, cigarettes, soft drinks, newspapers and magazines, glass containers, metal containers, and household paper and paper products.

The revenues from the litter tax are allocated to the Department of Ecology (Ecology). Ecology is the coordinating agency between organizations looking to assist in waste reduction, litter control, and recycling as well as with state agencies and local governments that receive funding for litter control and recycling activities.

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.

Of the funds in the litter tax account, 50 percent is for use by Ecology, the Department of Natural Resources, Department of Corrections, Department of Transportation, and the Parks and Recreation Commission for litter collection programs. The Department of Revenue also receives a small portion of the revenue for administering the funds in the account. These funds are also used for statewide public awareness programs, and to defray local government administration costs so that they can apply all of their funding to achieving program goals.

Twenty percent of the litter tax revenues goes to local governments for waste reduction, litter control, and recycling activities. During the 2013-15 biennium, Ecology must create a matching fund competitive grant program to provide funding for local government and nonprofit organization public education programs designed to help the public with litter reduction, recycling, and composting of the taxed products. The grants are contingent on the availability of money appropriated.

The remaining 30 percent of the funds goes to Ecology for waste reduction and recycling efforts. For the 2013-15 biennium, the funds must be used for waste reduction and recycling efforts, and providing technical assistance to local governments for commercial business and residential recycling programs designed to educate citizens about waste and litter reduction recycling programs, particularly for food packaging and plastic bags.

In addition to litter control and recycling activities, Ecology must encourage and organize voluntary local waste reduction, anti-litter and recycling campaigns; search for available funding for litter control programs; conduct a biennial statewide litter survey; and provide a summary of all waste reduction, litter control, and recycling efforts. Between 5 and 10 percent is reserved for capital need for state agencies and local governments.

The state parks have historically been funded at varying levels from the state general fund (GF-S). In response to reductions in GF-S support and in an effort to make the state parks self-supporting, the Legislature created the Discover Pass permit as a way to increase contributions from users. The 2011 Operating Budget provided one-time funding of approximately \$17 million of GF-S funds to assist state parks and an additional \$4 million in one-time funding from state aquatic lands revenue in 2012. During the 2013-15 biennium, \$5 million per fiscal year of litter tax revenue must be deposited in the State Parks Renewal and Stewardship Account.

Summary of Bill (Recommended Substitute): Ecology must coordinate the use of the litter tax funds for recycling, composting, and litter collection, reduction, and control programs with a priority given to the products taxed under the litter tax. Composting is added as a purpose for the use of the litter tax.

The local government and nonprofit grant program is continued. Any unspent funds may be used to create and pay for the matching grant program. A grant may not exceed \$60,000 and the recipient must provide a match equal to 25 percent of the eligible expenses. A local government's share of the costs may be met by cash or contributed services. Grants received by local governments and nonprofit programs are not subject to the business and occupation tax tax.

From the 30 percent of the funds used to implement waste reduction and recycling efforts, Ecology must also implement composting programs to educate the public about compostable products, particularly for food packaging and plastic bags, and composting techniques.

After June 30, 2017, the biennial litter survey is eliminated.

Until June 30, 2017, \$5 million per fiscal year must be deposited into the State Parks Renewal and Stewardship Account.

EFFECT OF CHANGES MADE BY ENERGY, ENVIRONMENT & TELECOMMUNICATIONS COMMITTEE (Recommended Substitute): Provides an exemption for any grants received by local governments and nonprofit organizations used for litter education programs.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony on Original Bill: PRO: The goal of this bill is to minimize diversion of resources from the litter tax revenues to other programs. The funds in the account should be spent on the products taxed. Litter taxpayers chose to fund litter pickup and recycling programs. With the diversion of funds the amount of litter picked up and recycling of products has dropped. The use of the funds should be refocused to the intention of the tax to its original intentions.

Persons Testifying: PRO: Amy Brackenberry, WA Food Industry Assn.; Laurie Davies, Ecology.