

SENATE BILL REPORT

E2SHB 1543

As Passed Senate - Amended, April 15, 2019

Title: An act relating to sustainable recycling.

Brief Description: Concerning sustainable recycling.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Mead, Doglio, Lekanoff, Peterson, Fey, Appleton, Shewmake, Stanford, Tharinger, Jinkins, Pollet, Slatter, Frame and Davis; by request of Department of Ecology).

Brief History: Passed House: 3/06/19, 64-32.

Committee Activity: Environment, Energy & Technology: 3/14/19, 3/26/19 [DPA-WM, DNP].

Ways & Means: 4/04/19, 4/09/19 [DPA, w/oRec, DNP].

Floor Activity:

Passed Senate - Amended: 4/15/19, 34-14.

Brief Summary of Bill (As Amended by Senate)

- Creates the Recycling Development Center (center) within the Department of Ecology (DOE) to facilitate basic and applied research and development and marketing to further markets and processing of recycled commodities and products.
- Requires the center to initially direct its services to businesses transforming or remanufacturing waste materials into usable or marketable materials or products.
- Requires DOE to enter into an interagency agreement with the Department of Commerce to provide targeted business assistance to recycling businesses.
- Requires local jurisdictions to develop and implement contamination reduction and outreach plans for recycling programs.
- Directs DOE to create and implement a state recycling contamination reduction and outreach plan, which local governments may adopt in lieu of a local plan, and to provide technical assistance to local governments to reduce recycling contamination.

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.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Carlyle, Chair; Palumbo, Vice Chair; Fortunato, Assistant Ranking Member, Environment; Billig, Das, Hobbs, Liias, McCoy, Nguyen and Wellman.

Minority Report: Do not pass.

Signed by Senators Ericksen, Ranking Member; Brown, Rivers and Short.

Staff: Jan Odano (786-7486)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Liias, Palumbo, Pedersen and Van De Wege.

Minority Report: That it be referred without recommendation.

Signed by Senators Schoesler and Warnick.

Minority Report: Do not pass.

Signed by Senators Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Bailey, Becker and Wagoner.

Staff: Jed Herman (786-7346)

Background: Solid Waste. Local jurisdictions have the primary responsibility to manage solid waste. Each county must prepare a coordinated, comprehensive solid waste management plan and adopt regulations or ordinances to implement the plan. The plan must include solid waste handling, recovery, and recycling that can be integrated into the comprehensive county plan. The waste reduction and recycling element must include waste-reduction and source-separation strategies, as well as the levels of service provided.

DOE reviews and approves locally issued permits and solid waste management plans, and defines minimum functional standards for all types of solid waste facilities. The regulations must address storage, collection, transportation, and treatment.

Utilities and Transportation Commission. The Utilities and Transportation Commission (UTC) reviews the preliminary draft comprehensive solid waste management plan to assess the cost of solid waste collection and its impacts on rates charged by regulated solid waste collection companies. The rates are based on service by categories such as residential garbage, residential recycling, yard waste, commercial garbage, and drop box, as well as by service level. The UTC regulates haulers transporting solid waste, garbage, and recyclables from residential sites. The certificate to transport garbage and recyclables sets the geographic areas in which the company is authorized to collect waste. Commercial and industrial recycling is not regulated by the UTC. However, all transporters of recyclable materials, or recyclables, must register with DOE.

Litter Tax. A tax is imposed on businesses whose products, including packaging, wrapping, and containers are reasonably related to the litter problem in the state. Types of products falling under this tax include beer, cigarettes, soft drinks, newspapers and magazines, glass containers, metal containers, and household paper and paper products.

Revenues from the litter tax are allocated to DOE. DOE 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 receiving funding for litter control and recycling activities. Litter tax funds are used by DOE to coordinate litter collection programs with state agencies. Local governments also receive funding for waste reduction, litter control, and recycling activities. Additionally, funds are provided to DOE for waste reduction and recycling efforts, to provide technical assistance to local governments for business and residential recycling programs, and to increase access to waste reduction, composting, and recycling programs.

Summary of Amended Bill: The center is created within DOE. The purpose of the center is to facilitate basic and applied research and development, marketing, and policy analysis to further markets and processing of recycled commodities and products. Market development consists of public and private activities used to overcome barriers so materials diverted from the waste stream are put into productive use and subsequent products.

The center must initially direct its services to businesses transforming or remanufacturing waste materials into usable or marketable materials or products. The center must develop an annual work plan that describes actions and recommendations for developing markets for commodities that comprise a significant percentage of the waste stream that have a potential as commercial or industrial feedstock. The initial focus must be on mixed waste paper and plastics. The center is required to:

- evaluate and make recommendations on state policies that may affect recyclable materials markets, with consideration of the costs and benefits of those policies;
- work with manufacturers and other producers of packaging and potentially recyclable materials to increase product recyclability and reuse;
- study market development for recyclable materials, including applied research, technology transfer, life-cycle analysis, and pilot demonstration projects;
- disseminate information relating to market development for recyclable materials from other state and local agencies and other sources;
- provide grants or contracts to local governments, state agencies, and other public institutions to develop or revitalize recycling markets; and
- provide business and marketing assistance to public and private sectors.

To further its purpose, the center may contract with individuals, research institutions, trade associations, and corporations. The center may represent the state in regional and national market development and to create a regional recycling development council that will work across state and provincial borders.

Wherever necessary, the center must work with entities including, material recovery facility operators, public and private recycling and solid waste industries, packaging manufacturers and retailers, local governments, and environmental organizations. The center must provide

to the Legislature every even numbered year a progress report on its purpose, performance, and effect on state recycling rates and use of postconsumer materials.

DOE must enter into an interagency agreement with the Department of Commerce (Commerce) or contract for activities to:

- provide targeted business assistance to recycling businesses, including business plan development, and information on market research, conditions, and new technology and development;
- conduct outreach to negotiate voluntary agreements with manufacturers to increase the use of recycled materials in product development;
- support, promote, and identify research and development to stimulate new technologies and products in using recycled materials;
- undertake studies on the unmet capital and other needs of reprocessing and manufacturing firms using recycled materials; and
- conduct research on the waste stream supply chain, incentive strategies for retention, expansion, and attraction of innovative recycling technology businesses.

The center must be guided by an advisory board. The membership as appointed by the director of DOE and terms of the advisory board are specified, and includes the directors of DOE and Commerce, and chair of the UTC. The advisory board provides advice and guidance on the center's annual work plan. The advisory board also evaluates and makes recommendations to DOE and Commerce on state policies that may affect recyclable materials markets.

The allocation of litter tax revenues is revised to increase the amount provided to DOE for technical assistance to commercial businesses to increase recycling markets and composting programs. In addition, grant programs, funded by the litter tax, may be used by local governments for developing and implementing contamination reduction plans.

By July 1, 2021, county and city solid waste management plans must include a contamination reduction and outreach plan. Counties with a population less than 25,000 are exempt from having to include a contamination reduction and outreach plan. The plan must address reducing contamination in recycling, including:

- actions for reducing contamination in recycling programs for single-family and multi-family residences, commercial locations and drop-boxes, if included in the local jurisdictions' comprehensive plan;
- a list of key contaminants;
- a discussion of problem contaminants and the impact on collection systems;
- an analysis of the costs and impacts associated with contaminants on collection systems; and
- an implementation schedule of how outreach will be conducted.

The county or city may adopt the state's contamination reduction plan instead of creating a local plan.

By July 1, 2020, DOE must create and implement a statewide recycling contamination reduction and outreach plan based on best management practices for recycling. DOE must cite sources of information and peer-reviewed science relied upon for the development of

best management practices for recycling. The plan must be developed with stakeholder input. DOE must provide technical assistance and guidance to assist local jurisdictions with determining the extent of contamination in their regional recycling and developing contamination reduction and outreach plans.

The implementation of local jurisdictions' comprehensive county plan for solid waste management, including contamination reduction and outreach plans, are eligible for financial aid from DOE.

Appropriation: The bill contains a null and void clause requiring specific funding be provided in an omnibus appropriation act.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Engrossed Second Substitute House Bill (Environment, Energy & Technology): *The committee recommended a different version of the bill than what was heard.* PRO: The goal of the bill is to create a sustainable recycling system to get the contamination reduction plan and out reach to customers. The bill directs a small portion of the litter tax for recycling of specific products that are not currently handled. This bill is highly complementary to other bills dealing with plastic this session. There have been big shifts in the global recycling markets worldwide and locally. The contamination rate of recyclable materials is 11 to 20 percent, that is products in the wrong bales. Materials only have value when they are in the right bales. We need end markets in Washington, and this will address that. We appreciate that the bill explores market based solutions instead of prohibiting products.

Persons Testifying (Environment, Energy & Technology): PRO: Heather Trim, Zero Waste Washington; Laurie Davies, DOE; Peter Godlewski, Association of Washington Business.

Persons Signed In To Testify But Not Testifying (Environment, Energy & Technology): No one.

Staff Summary of Public Testimony on the Bill as Amended by Environment, Energy & Technology (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: The bill puts in place a means to address current recycling challenges by establishing a recycling center. Due to contamination issues, foreign markets no longer accept domestic recycled products. The recycling center will help explore and establish domestic markets for recycled products.

Persons Testifying (Ways & Means): PRO: Laurie Davies, DOE.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.