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**SENATE BILL 5717**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** Senators Stanford and Randall

AN ACT Relating to compost products; amending RCW 39.30.040 and 70A.455.090; adding new sections to chapter 43.19A RCW; creating a new section; and providing an expiration date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  A new section is added to chapter 43.19A RCW to read as follows:

(1) By January 1, 2023, each local government with curbside organics collection service available to residents within the jurisdiction shall:

(a) Adopt a compost procurement ordinance to implement RCW 43.19A.120; and

(b) Develop a compost procurement plan to meet the requirements of subsection (2) of this section and RCW 43.19A.120.

(2) Local governments shall implement the compost procurement plan in subsection (1)(b) of this section with reasonable efforts to annually purchase amounts of finished compost product by the following dates:

(a) By January 1, 2024, 25 percent of the amount of organic materials collected through the curbside organics collection service and delivered to the compost processor;

(b) By January 1, 2026, 50 percent of the amount of organic materials collected through the curbside organics collection service and delivered to the compost processor; and

(c) By January 1, 2028, 70 percent of the amount of organic materials collected through the curbside organics collection service and delivered to the compost processor.

(3) Local governments shall give priority to purchasing compost products from companies that produce compost products locally, are certified by a nationally recognized organization, and produce compost products that are derived from municipal solid waste compost programs and meet quality standards adopted by rule by the department of ecology.

(4) Local governments may enter into collective purchasing agreements if doing so is more cost-effective or efficient.

(5) Nothing in this act requires a compost processor to enter into a purchasing agreement with a local government, sell finished compost to meet this requirement, or require a compost processor to accept or process food waste.

**Sec.**  RCW 39.30.040 and 2013 c 24 s 1 are each amended to read as follows:

(1) Whenever a unit of local government is required to make purchases from the lowest bidder or from the supplier offering the lowest price for the items desired to be purchased, the unit of local government may, at its option when awarding a purchase contract, take into consideration tax revenue it would receive from purchasing the supplies, materials, or equipment from a supplier located within its boundaries. The unit of local government must award the purchase contract to the lowest bidder after such tax revenue has been considered. However, any local government may allow for preferential purchase of products made from recycled materials or products that may be recycled or reused. Any local government may allow for preferential purchase of compost products to meet the requirements of RCW 43.19A.120. Any unit of local government which considers tax revenue it would receive from the imposition of taxes upon a supplier located within its boundaries must also consider tax revenue it would receive from taxes it imposes upon a supplier located outside its boundaries.

(2) A unit of local government may award a contract to a bidder submitting the lowest bid before taxes are applied. The unit of local government must provide notice of its intent to award a contract based on this method prior to bids being submitted. For the purposes of this subsection (2), "taxes" means only those taxes that are included in "tax revenue" as defined in this section.

(3) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Tax revenue" means sales taxes that units of local government impose upon the sale of supplies, materials, or equipment from the supplier to units of local government, and business and occupation taxes that units of local government impose upon the supplier that are measured by the gross receipts of the supplier from the sale.

(b) "Unit of local government" means any county, city, town, metropolitan municipal corporation, public transit benefit area, county transportation authority, or other municipal or quasi-municipal corporation authorized to impose sales and use taxes or business and occupation taxes.

NEW SECTION. **Sec.**  A new section is added to chapter 43.19A RCW to read as follows:

Any contract by a state agency, local government, or public school must require the use of compost products to the maximum extent economically feasible to meet the requirements established by RCW 43.19A.120.

**Sec.**  RCW 70A.455.090 and 2020 c 20 s 1448 are each amended to read as follows:

(1) The state, acting through the attorney general or the department of ecology, and cities and counties have concurrent authority to enforce this chapter and to collect civil penalties for a violation of this chapter, subject to the conditions in this section. An enforcing government entity may impose a civil penalty in the amount of up to two thousand dollars for the first violation of this chapter, up to five thousand dollars for the second violation of this chapter, and up to ten thousand dollars for the third and any subsequent violation of this chapter. If a manufacturer or supplier has paid a prior penalty for the same violation to a different government entity with enforcement authority under this subsection, the penalty imposed by a government entity is reduced by the amount of the payment.

(2) Any civil penalties collected pursuant to this section must be paid to the office of the city attorney, city prosecutor, district attorney, or attorney general, whichever office brought the action. Penalties collected by the attorney general on behalf of the state must be deposited in the compostable products revolving account created in RCW 70A.455.110.

(3) The remedies provided by this section are not exclusive and are in addition to the remedies that may be available pursuant to chapter 19.86 RCW or other consumer protection laws, if applicable.

(4) In addition to penalties recovered under this section, the enforcing government entity may recover reasonable enforcement costs and attorneys' fees from the liable manufacturer or supplier.

(5) The department of ecology, with the assistance of the attorney general, is authorized to bring any appropriate action in the name of the people of the state of Washington as may be necessary to carry out the provisions of this chapter.

NEW SECTION. **Sec.**  (1)(a) Subject to the availability of amounts appropriated for this specific purpose, the department of agriculture must establish and implement a three-year compost reimbursement pilot program to reimburse farming operations in the state for purchasing and using compost products from facilities with solid waste handling permits, including transportation, equipment, spreading, and labor costs. The grant reimbursements under the pilot program begin July 1, 2023, and conclude June 30, 2026.

(b) For the purposes of this section, "farming operation" means: A commercial agricultural, silvicultural, or aquacultural facility or pursuit, including the care and production of livestock and livestock products, poultry and poultry products, apiary products, and plant and animal production for nonfood uses; the planting, cultivating, harvesting, and processing of crops; and the farming or ranching of any plant or animal species in a controlled salt, brackish, or freshwater environment.

(2) To be eligible to participate in the reimbursement pilot program, a farming operation must complete an eligibility review with the department of agriculture prior to transporting or applying any compost products for which reimbursement will be sought under this section. The purpose of the review is for the department of agriculture to ensure that the proposed transport and application of compost products is consistent with the department's agricultural pest control rules in chapter 16-470 WAC. A farming operation must also verify that it will allow soil sampling to be conducted by the department of agriculture upon request during the duration of the pilot program as necessary to establish a baseline of soil quality and carbon storage and for subsequent department of agriculture evaluations to assist the department's reporting requirements under subsection (9) of this section.

(3) The department of agriculture must create a form for eligible farming operations to apply for cost reimbursement for costs from purchasing and using compost from facilities with solid waste handling permits, including transportation, equipment, spreading, and labor costs. All applications for cost reimbursement must be submitted on the form along with invoices, receipts, or other documentation acceptable to the department of the costs of purchasing and using compost products for which the applicant is requesting reimbursement, as well as a brief description of what each purchased item will be used for. The department of agriculture may request that an applicant provide information to verify the source, size, sale weight, or amount of compost products purchased and the cost of transportation, equipment, spreading, and labor. The applicant must also declare that it is not seeking reimbursement for purchase or labor costs for:

(a) Its own compost products;

(b) Compost products that it has transferred, or intends to transfer, to another individual or entity, whether or not for compensation; or

(c) Compost products that were not purchased from a facility with a solid waste handling permit.

(4) A farming operation may submit only one application per fiscal year for purchases made and usage costs incurred during the fiscal year that begins on July 1st and ends on June 30th of each fiscal year in which the pilot program is in effect. Applications for reimbursement must be filed before the end of the fiscal year in which purchases were made and usage costs incurred.

(5) The department of agriculture must distribute reimbursement funds, subject to the following limitations:

(a) A farming operation is not eligible to receive reimbursement if the farming operation's application was not found eligible for reimbursement by the department of agriculture prior to transport or use under subsection (2) of this section;

(b) A farming operation is not eligible to receive reimbursement for more than 50 percent of the costs it incurs each fiscal year for the purchase and use of compost products, including transportation, equipment, spreading, and labor costs;

(c) A farming operation is not eligible to receive more than $10,000 per fiscal year;

(d) A farming operation is not eligible to receive reimbursement for its own compost products or compost products that it has transferred, or intends to transfer, to another individual or entity, whether or not for compensation; and

(e) A farming operation is not eligible to receive reimbursement for compost products that were not purchased from a facility with a solid waste handling permit.

(6) The applicant shall indemnify and hold harmless the state and its officers, agents, and employees from all claims arising out of or resulting from the compost products purchased that are subject to the compost reimbursement pilot program under this section.

(7) There is established within the department of agriculture a compost reimbursement pilot program manager position. The compost reimbursement pilot program manager must possess knowledge and expertise in the area of program management necessary to carry out the duties of the position, which are to:

(a) Facilitate the division and distribution of available costs for reimbursement; and

(b) Manage the day-to-day coordination of the compost reimbursement pilot program.

(8) Any action taken by the department of agriculture pursuant to this section is exempt from the rule-making requirements of chapter 34.05 RCW.

(9) The department of agriculture must submit an annual report to the appropriate committees of the legislature by January 15th of each year of the program, with a final report due January 15, 2026. The report must include:

(a) The amount of compost for which reimbursement was sought under the program;

(b) The qualitative or quantitative effects of the program on soil quality and carbon storage; and

(c) An evaluation of the benefits and costs to the state of continuing, expanding, or furthering the strategies explored in the pilot program.

(10) This section expires June 30, 2027.

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