

SENATE BILL REPORT

ESHB 2713

As Reported by Senate Committee On:
Environment, Energy & Technology, February 26, 2020
Ways & Means, March 2, 2020

Title: An act relating to encouraging compost procurement and use.

Brief Description: Encouraging compost procurement and use.

Sponsors: House Committee on State Government & Tribal Relations (originally sponsored by Representatives Walen, Chandler, Springer, Kretz, Fitzgibbon, Blake, Doglio, Davis, Ramel, Goodman and Pollet).

Brief History: Passed House: 2/16/20, 96-0.

Committee Activity: Environment, Energy & Technology: 2/25/20, 2/26/20 [DPA-WM, w/oRec, DNP].

Ways & Means: 2/28/20, 3/02/20 [DPA (ENET)].

Brief Summary of Amended Bill

- Requires state agencies and local governments to use compost products in government-funded projects, subject to certain exceptions.
- Encourages local governments that provide residential compost services to enter into a purchasing agreement with their compost processor to buy back finished compost products for use in government projects or on government land.
- Creates a three-year compost reimbursement pilot program for farming operations to receive reimbursement for 50 percent of certain purchases, transportation, equipment, spreading, and labor costs up to \$10,000 per year, with priority given to small farming operations.
- Requires the Department of Agriculture to manage the reimbursement pilot program.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

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

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.

Signed by Senators Carlyle, Chair; Lovelett, Vice Chair; Sheldon, Assistant Ranking Member, Energy & Technology; Brown, Das, Hobbs, Lias, McCoy, Nguyen, Stanford and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senators Fortunato, Assistant Ranking Member, Environment; Short.

Minority Report: Do not pass.

Signed by Senator Ericksen, Ranking Member.

Staff: Greg Vogel (786-7413)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Becker, Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Lias, Muzzall, Pedersen, Schoesler, Van De Wege, Wagoner, Warnick and Wilson, L..

Staff: Jed Herman (786-7346)

Background: Washington passed an act in 1991 with the intent to increase the procurement of products containing recycled products by state agencies and local governments. The act required the Director of the Department of General Administration (now the Department of Enterprise Services) to adopt standards specifying the minimum permissible content of recycled materials in products commonly purchased by state and local governments, such as paper, latex paint, and building insulation. The state was required to create a mandatory plan to increase purchases of recycled-content products, which included a target for purchase of compost products for landscaping or similar projects.

"Compost products" are defined as mulch, soil amendments, ground cover, or other landscaping material derived from the biological or mechanical conversion of biosolids or cellulose-containing waste materials.

The act also required local governments to adopt a minimum purchasing goal for recycled content as a percent of the total amount of supplies purchased. Local governments were encouraged to consider policies to give preferential purchasing treatment to products with recycled content. Counties and cities were required to adopt specifications for the use of compost products in road projects.

Compost products are now required to meet federal product standards. The amount of compost products required to be purchased by the state was doubled between 1994 to 1998.

Summary of Amended Bill: State agencies and local governments are required to consider whether compost products can be used in government-funded projects when planning or

soliciting and reviewing bids. If compost products can be utilized in the project, the agency or local government must do so, subject to the following exceptions:

- compost products are not available within a reasonable amount of time;
- compost products that are available do not meet existing purchasing standards or federal or state health and safety standards; or
- compost purchase prices are not reasonable or competitive.

State agencies may also decline to use compost products in a project if:

- the total cost is financially prohibitive;
- the application of compost products will detrimentally impact the nutrient condition of soil used for crops;
- the project consists of growing trees in a greenhouse setting; or
- compost products that are available have not been certified as pest-and-pathogen free.

Purchase priority is to be given to local compost producers that are certified by a nationally recognized organization and produce products derived from municipal compost programs. Before compost products are transported or applied for government projects, compliance with Department of Agriculture (WSDA) pest control regulations must be ensured.

Local governments that provide residential compost services are encouraged to enter into purchasing agreements to buy back at least 50 percent of the finished compost product produced from the compost it delivered to its processor. Local governments are authorized to enter into collective purchasing agreements if doing so is more cost-effective or efficient. The compost processor should offer a purchase price that is reasonable and competitive for the specific market.

WSDA must create a three-year compost reimbursement program to reimburse certain expenses to farming operations in the state. These expenses are for:

- the purchase of compost products;
- transportation;
- equipment;
- spreading; and
- labor.

A farming operation is a commercial agricultural, silvicultural, or aquacultural facility or pursuit including care and production of animals for food and certain nonfood uses, the production of crops, and the farming or ranching of plants or animals in water environments.

Subject to amounts appropriated for this purpose, farming operations may be reimbursed for up to 50 percent of the costs they incur, up to \$10,000 per year. Compost products must be purchased from facilities with solid waste handling permits to be eligible for reimbursement. Compost products that the farming operation has or intends to transfer, whether or not for compensation, may not be reimbursed. Funds must be distributed by WSDA in a manner that prioritizes small farming operators, as measured by acreage.

To be reimbursed, a farming operation must first complete an eligibility review with WSDA prior to transporting or applying any compost products for which reimbursement will be sought under this section. The review is to determine whether the transport and application

complies with WSDA's agricultural pest regulations, and to ensure that the farming operation will permit soil sampling by WSDA.

Farming operations seeking reimbursement must submit one application per year on a WSDA-created form that may include verification of the size, sale weight, or amount of compost products used, as well as verification of the costs requested for reimbursement. Applications must be filed before the end of the fiscal year in which purchases were made and usage costs incurred.

A new position is established within WSDA for a compost reimbursement pilot project manager. The manager is required to facilitate the reimbursements and manage the day-to-day coordination of the program.

WSDA must submit an annual report to the Legislature that includes the amount of compost for which reimbursement was sought, the qualitative and quantitative effects of the program on soil quality and carbon storage, and an evaluation of the benefits and costs of continuing, expanding, or furthering the program.

EFFECT OF ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE AMENDMENT(S):

- Specifies that grant reimbursements under the pilot program will begin January 1, 2021, and conclude December 31, 2023.
- Requires that applications for reimbursement be filed before the end of the fiscal year in which purchases were made and usage costs incurred.
- Removes requirements that the pilot program manager position be a full-time temporary position exempt from civil service, with a salary that may not exceed \$50,000 per year.

Appropriation: None.

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 Substitute House Bill (Environment, Energy & Technology): *The committee recommended a different version of the bill than what was heard.* PRO: This bill is the result of much collaboration, and is looking to direct organic compost out of landfills, reduce methane impact, and utilize it as a beneficial product. The bill creates a cycle of compost coming back to communities and being used in park and transportation projects. This bill is a positive thing for businesses and local communities.

Managing food and yard waste through composting reduces greenhouse gas emissions and provides many environmental benefits. The bills cleans up our waste streams and helps

expand composting. When compost products are suitable for use, cities should be utilizing compost. This bill will also help farms utilize compost, providing benefit for all.

We need to ensure end markets for compost that is generated within the market, and in that way, we do not end up in the position of end markets closing. The reimbursement program is modeled off a successful program in Hawaii. Composting is a critical piece of solving the food waste puzzle. In addition to carbon benefits, composting is also a tool for green stormwater solutions.

OTHER: We agree with what has been testified to and are testifying other because this policy was not originally in the Governor's budget. We do look like how the bill is structured and what it does for farmers.

Persons Testifying (Environment, Energy & Technology): PRO: Representative Amy Walen, Prime Sponsor; Rory Paine-Donovan, Seattle Public Utilities; Karen Dawson, Director of Public Affairs, Cedar Grove; Heather Trim, Zero Waste Washington; Stephanie Miller, Olympic Organics; Justin Allegro, The Nature Conservancy; Quinn Apuzzo, Government Relations Manager; Elliot Paull.

OTHER: Evan Sheffels, WSDA.

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

Staff Summary of Public Testimony on Bill as Amended by Environment, Energy & Technology (Ways & Means): PRO: Creates a program for reimbursement which is needed to incentivize; works well in Hawaii. Seventeen percent of waste at landfills by weight is food waste, that should be going to compost; the grant program will help get finished product out to beneficial use.

Persons Testifying (Ways & Means): PRO: Jay Blazey, General Counsel, Cedar Grove; Heather Trim, Zero Waste Washington.

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