

SENATE BILL REPORT

SB 5545

As Reported by Senate Committee On:
Environment, Energy & Technology, February 14, 2019
Ways & Means, February 27, 2019

Title: An act relating to sustainable recycling.

Brief Description: Concerning sustainable recycling.

Sponsors: Senators Das, Rolfes, Takko, McCoy, Hunt, Keiser, Nguyen and Hasegawa; by request of Department of Ecology.

Brief History:

Committee Activity: Environment, Energy & Technology: 2/06/19, 2/14/19 [DP-WM, DNP].

Ways & Means: 2/25/19, 2/27/19 [DPS, w/oRec, DNP].

Brief Summary of First Substitute Bill

- Creates the Recycling Development Center (Center) within the Department of Ecology to facilitate basic and applied research and development and marketing to further markets and processing of recycled commodities and products.
- Requires local jurisdictions to develop and implement contamination reduction and outreach plans for recycling programs.
- Requires the Center to initially direct its services to businesses transforming or remanufacturing waste materials into usable or marketable materials or products.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

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

Signed by Senators Carlyle, Chair; Palumbo, Vice Chair; Billig, Das, Hobbs, Liias, McCoy, Nguyen and Wellman.

Minority Report: Do not pass.

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 Ericksen, Ranking Member; Fortunato, Assistant Ranking Member, Environment; Sheldon, Assistant Ranking Member, Energy & Technology; Brown, Rivers and Short.

Staff: Jan Odano (786-7486)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5545 be substituted therefor, and the substitute bill do pass.

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

Minority Report: That it be referred without recommendation.

Signed by Senators Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Bailey, Schoesler, Warnick and Wilson, L..

Minority Report: Do not pass.

Signed by Senators Honeyford, Assistant Ranking Member, Capital; Becker.

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.

The Department of Ecology (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 Bill (First Substitute): Subject to the availability of amounts appropriated for this specific purpose, 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 that 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;
- 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, 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 a progress report on its purpose and performance to the Legislature every even numbered year.

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 jurisdiction's 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. 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.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Makes the requirements of section 3 of the act subject to the availability of amounts appropriated for this specific purpose.
- Adds a requirement that one of the private sector members of the advisory committee be a not-for-profit organization with familiarity with innovative recycling solutions used internationally.
- Excepts counties with a population less than 25,000 from including a contamination reduction and outreach plan into their comprehensive solid waste plan.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill takes effect on July 1, 2019.

Staff Summary of Public Testimony on Original Bill (Environment, Energy & Technology): PRO: This is a great vehicle to develop policies regarding contamination in the waste stream. This aligns with recovering materials and putting them to the highest and best use. It has the potential to create new close loop markets. Recycling creates five times as many jobs as landfilling. Some of the problems with recycling is due to lack of markets. This creates a sustainable recycling system to reduce contaminants and to create markets.

OTHER: The bill needs to include a definition for secondary materials, which are a significant market for scrap businesses. These businesses are commodity buyers who pay for the materials instead of getting paid.

Persons Testifying (Environment, Energy & Technology): PRO: Vicki Christophersen, Washington Refuse and Recycling Association; Heather Trim, Zero Waste Washington; Laurie Davies, Department of Ecology; Chris Green, Department of Commerce; Tim Shestek, American Chemistry Council; Elizabeth Szorad, Recology.

OTHER: Holly Chisa, Institute of Scrap Recycling Industries.

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

Staff Summary of Public Testimony on Original Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: The solid waste management program at DOE is responsible for oversight of solid waste regulation

management recycling and litter control. This is a DOE request legislation addressing two significant issues: (1) contamination in our residential recycling material and (2) the lack of markets for those materials due to import restrictions from foreign countries. The goal of the legislation would be to create a recycling development center that would do research and market development for those recyclable materials and then create the contamination reduction plan. There is a fiscal impact and the funding is included in the Governor's budget proposal. The money would go towards an interagency contract with the Department of Commerce to work on those market developments and research and to provide grant funding to the local governments to do the contamination reduction plan. This bill can bring all stakeholders together to identify how best to create an incentive for markets for materials and a plan for what can be done to increase the use of post-consumer recycled material.

OTHER: We need the ability to have stakeholders come together to discuss a holistic and far reaching industry wide approach for how to handle post recycled material. We believe this will provide the best possible process.

Persons Testifying (Ways & Means): PRO: Grant Nelson, American Chemistry Council; Laurie Davies, Department of Ecology.

OTHER: Peter Godlewski, citizen.

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