

# HOUSE BILL REPORT

## HB 1665

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**As Reported by House Committee On:**  
Innovation, Technology & Economic Development

**Title:** An act relating to encouraging economic development by identifying ways to grow Washington's manufacturing sector through evaluating the opportunities and barriers of repurposing domestic waste stream materials.

**Brief Description:** Encouraging economic development by identifying ways to grow Washington's manufacturing sector through evaluating the opportunities and barriers of repurposing domestic waste stream materials.

**Sponsors:** Representatives Smith, Morris, Doglio, Ormsby and Hudgins.

**Brief History:**

**Committee Activity:**

Innovation, Technology & Economic Development: 2/6/19, 2/22/19 [DP].

**Brief Summary of Bill**

- Directs the Department of Commerce (Department) to complete an economic analysis of recyclable material and solid waste processing, export, and disposal in Washington.
- Requires the Department to submit a report of the economic analysis, accompanied by recommendations, to the Legislature by September 1, 2020.

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### HOUSE COMMITTEE ON INNOVATION, TECHNOLOGY & ECONOMIC DEVELOPMENT

**Majority Report:** Do pass. Signed by 8 members: Representatives Hudgins, Chair; Kloba, Vice Chair; Smith, Ranking Minority Member; Boehnke, Assistant Ranking Minority Member; Slatter, Tarleton, Van Werven and Wylie.

**Staff:** Kyle Raymond (786-7190).

**Background:**

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*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.*

The Department of Commerce (Department) is responsible for growing and improving jobs, as well as facilitating innovation in the state. The Department provides business assistance and economic development services primarily through sector-based and cluster-based regional organizations to: (1) generate greater local capacity to respond to economic growth and environmental challenges; (2) promote partnerships and the use of intermediaries to achieve the Department's goals; and (3) leverage state resources.

The Department is responsible for promoting community and economic development statewide by: (1) assisting communities to increase economic vitality and the quality of citizens' lives; and (2) assisting the state's businesses to maintain and increase economic competitiveness while maintaining a healthy environment. The Department's community and economic development efforts include:

- increasing economic opportunity;
- managing growth through local planning;
- promoting and providing affordable housing and housing-related services;
- providing public infrastructure;
- engaging in business and trade development;
- assisting firms and industrial sectors to increase competitiveness;
- fostering the development of minority and women-owned businesses;
- facilitating technology development, transfer, and diffusion;
- providing community services and advocacy for low-income persons; and
- public safety efforts.

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### **Summary of Bill:**

The Department of Commerce (Department) must complete an economic analysis of recyclable material and solid waste processing, export, and disposal in Washington. The analysis must include:

- an overview of existing types of recycling business practices that involve processing materials into saleable products for Washington manufacturers;
- an evaluation of opportunities and barriers to increasing state and regional: (1) reuse of materials; and (2) manufacturing using recyclable materials; and
- the implications of relevant global and regional recycling market changes on recycling rates and on businesses collecting and processing recyclable materials in Washington.

The Department's analysis must not result in the publication or disclosure of confidential or proprietary business information.

The Department must submit a report to the Legislature by September 1, 2020, and the report must be accompanied by Department recommendations that identify the: (1) recyclable materials with the greatest economic value to recycling programs that have market viability; and (2) economic opportunities and challenges of reusing Washington consumers' and businesses' waste as a raw material for manufacturing.

The Department must complete the report's analysis and recommendations in consultation with stakeholders that include:

- the Utilities and Transportation Commission;
  - the Department of Ecology;
  - city and county local governments;
  - a material recovery facility operator;
  - packaging, recycling, and solid waste industry representatives; and
  - an environmental organization.
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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) To provide background, China implemented its National Sword campaign in 2017 to clean up cities and communities from contaminated recyclable materials. At that time, the United States' West Coast was shipping 60 percent of its recyclable material to China. It was inexpensive for recycling exporters to send materials to China, but the materials shipped had toxic impacts for local residents. The Chinese government closed down many recycling shops due to violations, including human rights violations, and the government is now importing significantly less recyclable materials.

The issue is whether the State of Washington is willing to own its consumption. In the past, we have shipped our recycled materials without fully understanding the consequences. Other countries are exploring recyclable markets outside of China, and we have the opportunity to work with global partners to responsibly recycle within Washington and better use our own waste stream. The Legislature needs to make progress this year on addressing this issue. The Department of Commerce (Department) and the Department of Ecology have already been working on this issue. This bill requires the Department to research and analyze how manufacturers can use items from Washington's waste stream, as well as identify obstacles and economic opportunities of using these materials for entrepreneurs and manufacturers.

The Association of Washington Business (AWB) appreciates that this bill explores new opportunities for manufacturers without new costs, which is important for economic development in the state. Manufacturing plays a central role in a strong, resilient, and equitable economy. The manufacturing sector has the largest multiplier effect of any sector. A good investment in the manufacturing sector will create more jobs and opportunities, compared to other sectors. The average compensation in manufacturing is \$30,000 more than the average Washington nonfarm payroll salary, and the sector has the highest percentage of employees eligible for employer-provided health care, with 92 percent in 2015. This bill supports manufacturing by studying opportunities to grow the sector through new markets and new locally sourced feedstocks. The bill sets a vision for Washington to have

entrepreneurial and economic success, while also achieving outstanding environmental stewardship. The AWB also supports the stakeholder process for conducting the analysis, however, the bill would be improved if the stakeholder group includes a state-wide manufacturing association.

Zero Waste Washington believes this bill would reduce greenhouse gas emissions through manufacturing waste in Washington. This bill can help build markets and create green jobs in Washington. A recent study showed that recyclable material creates more jobs, compared to equivalent material sent to a landfill. However, the bill could be improved if the environmental benefits of manufacturing waste in Washington were referenced in the bill.

(Opposed) None.

(Other) Identifying new ways to repurpose the waste stream in Washington has never been more important. The private sector has the capacity to create and expand markets for recycling goods, and developing private recycling markets benefits the public. Scrap recycling accounts for 1 percent of the state's total economic activity, so there is great potential for scrap recycling economic activity to grow in Washington.

The economic analysis contained in this bill is a starting point, but the Department has concerns that this bill takes too narrow of an approach. The Department also believes more needs to be done now to address the problem of contamination in our recycling system so that we can stop wish cycling and start recycling. The state is losing a major market for recyclable materials, and this bill does not address that serious problem.

Washington has a need for the economic analysis of recyclable materials and solid waste processing, export, and disposal activities contained in this bill, but the state needs to do more than look at finding economic opportunities. The bill does not help identify gaps in recyclable markets or assist in the development of new markets to create those business opportunities in Washington.

The Department of Ecology has a separate agency request bill on sustainable recycling that seeks to work with local governments to reduce contamination happening within the system. The agency request bill also creates a recycling development center through a collaboration with public and private stakeholders, including the Department, to research, develop, expand, and incentivize markets for recyclable commodities.

**Persons Testifying:** (In support) Representative Smith, prime sponsor; Clay Hill, Association of Washington Business; and Heather Trim, Zero Waste Washington.

(Other) Jasmine Vasavada, Department of Commerce; and Denise Clifford, Department of Ecology.

**Persons Signed In To Testify But Not Testifying:** None.