

HOUSE BILL REPORT

HB 1459

*As Reported By House Committee on:
Environmental Affairs
Revenue*

Title: An act relating to recycling.

Brief Description: Creating a comprehensive approach to recycling and recyclable material markets.

Sponsor(s): Representatives Sprenkle, Rust, Valle, G. Fisher, Pruitt, Basich, R. Johnson, Jacobsen, Braddock, Phillips, Scott, Cooper, D. Sommers, Roland, Nelson, Spanel, Brekke and Wineberry.

Brief History:

Reported by House Committee on:
Environmental Affairs, March 5, 1991, DPS;
Revenue, March 10, 1991, DPS(ENA)-A.

**HOUSE COMMITTEE ON
ENVIRONMENTAL AFFAIRS**

Majority Report: *That Substitute House Bill No. 1459 be substituted therefor, and the substitute bill do pass.*
Signed by 8 members: Representatives Rust, Chair; Valle, Vice Chair; Bray; Brekke; G. Fisher; Phillips; Pruitt; and Sprenkle.

Minority Report: *Do not pass.* Signed by 5 members: Representatives Horn, Ranking Minority Member; Edmondson, Assistant Ranking Minority Member; Neher; D. Sommers; and Van Luven.

Staff: Rick Anderson (786-7114).

Background: Packaging comprises one-third of the total waste stream. Paper is the most common packaging material; others include plastics, glass, and metals. Cardboard and aluminum currently have relatively high recycling rates. Plastic packaging and bottles, glass bottles, and tin cans currently have relatively low recycling rates.

At 28 percent, Washington currently has the nation's highest recycling rate. This high level of recycling is due, in part, to 1989 legislation that requires curbside recycling

in urban areas of the state. This legislation also establishes a goal of 50 percent recycling by 1995.

Markets for recyclable materials have not developed at the same pace as have local collection programs. As a result, the price paid for many recyclables has decreased. Expected increases in population and waste generation rates could triple the amount of recyclables collected within the next 20 years.

Used oil can be readily processed into a fuel for use in ocean-going vessels and in certain land-based facilities. With more extensive processing, used oil can also be made back into a lubricating oil. No such processing capability currently exists within the state. Gas stations have typically accepted used oil from the public, however liability concerns have caused most gas stations to stop accepting used oil. The lack of locations to accept used oil from the public has caused concern that used oil is causing contamination of drinking water through its improper disposal.

Summary of Substitute Bill:

Packaging

A "recycling" assessment is imposed on the tangible personal property sales of manufacturers, wholesalers, and retailers. The rate of the new assessment is to be the equivalent of \$50 on \$1 million of retail sale. The Department of Revenue is directed to adjust rates such that manufacturers and wholesalers pay a slightly higher rate than retailers in order to offset the value-added effects of products sold at the retail level.

The existing 1 percent tax on solid waste collection service is increased to 1.4 percent. Revenue generated from the four-tenths of one percent increase is to fund collection, processing, and marketing activities for products and packages not being recycled at a 50 percent rate.

By January 1, 1992, the Department of Ecology (Ecology), in conjunction with the Department of Revenue, must: 1) determine the average cost of collecting and disposing of products and packages not recycled at a rate of 50 percent; 2) determine a method to recover on half the average cost of collecting and disposing such products and packages; and 3) report to the legislature.

By July 1, 1992, Ecology is required to adopt rules implementing a cost recovery method. Funds from the fees imposed on manufacturers will be used to develop or enhance

collection, processing, and marketing systems for products and packages not meeting the 50 percent recycling rate.

After July 1, 1992, manufacturers may take a credit against the cost recovery fees adopted by Ecology as follows: 1) a 2-to-1 dollar credit for every dollar donated to the Clean Washington Center, if the donation is made prior to the adoption of the cost recovery rules; 2) a 1-to-1 dollar credit for every dollar donated to the center, if the donation is made after the adoption of such rules; 3) a 1-to-1 tonnage credit for every ton of recycled material; and 4) a 1-to-1 tonnage credit for every ton of recycled content used in the manufacture of a product or package. Credits are capped such that manufacturers can avoid a maximum of 50 percent of the costs that otherwise would have been due.

The authority of a local government to ban products or packages, for solid waste disposal reasons, is permanently preempted.

Plastic bottles must have a label depicting the type of plastic resin used in its manufacture. The amount of certain toxic metals in packaging is reduced over a six-year period. Manufacturers making claims that a package or product is "environmentally friendly" must meet certain standards and print explanations for the claim. Membership of the state solid waste advisory committee is increased to include recycling industry and tribes.

Clean Washington Center

The Clean Washington Center is created within the Department of Trade and Economic Development (DTED). The board will consist of 11 members as follows: two members from legislature, two from local governments, six from private industry, and the director of DTED as an ex-officio member. The center must develop an annual work plan specifying the center's activities. The first plan is to emphasize markets for yard waste, mixed waste paper, and plastics.

The center is subject to sunset review and will terminate on June 30, 1995, unless specifically re-authorized by the legislature.

An unspecified appropriation from the funds generated from recycling assessment and the four-tenths of one percent increase in the solid waste collection tax is made to DTED for the activities of the Clean Washington Center.

Used Oil Recycling

By July 1, 1993, cities and counties are required to amend household hazardous waste plans to include specific provisions for collecting used oil from the public.

By July 1, 1992, the Department of Ecology must prepare used oil guidelines for cities and counties. The guidelines must establish a statewide recycling goal and local recycling goals. The department must also recommend the number of sites needed to achieve such goals. The department is directed to prepare guidelines in conjunction with cities and counties amending their plans.

Persons selling 1,000 or more gallons of lubricating oil per year or selling more than 500 oil filters per year are required to post signs stating where used oil can be recycled. Such persons are also required to sell containers for collecting used oil.

Ecology must conduct a state-wide education program on used oil recycling and assist cities and counties in local education programs.

By July 1, 1992, used oil cannot be used for dust suppression or weed control. Kits incorporating an absorbent to collect used oil for recycling is also prohibited.

By July 1, 1992, persons transporting used oil for profit must conform to rules adopted by the Department of Ecology.

Regulatory standards for used oil are put into statute. Exemptions from such standards are made for used oil burned in certain commercial space heaters, ocean-going vessels, and as provided by Ecology or local air authorities. The standard for lead is tightened to 50 parts per million in 1995. Ecology is directed to develop standards for blending used oil into fuels.

Substitute Bill Compared to Original Bill: The substitute bill changes many of the provisions relating to packaging. The recycling assessment is reduced from a rate of \$75 per million dollars of sales to \$50 per million dollars in sales. Additionally, the substitute imposes an increase of four-tenths of one percent on the existing solid waste collection tax.

The original bill directed Ecology to establish standards for levels of recycling that products and packages must attain and the level of recycled content products and packages must contain. The substitute bill establishes a 50 percent recycling rate for all products and packages but sets no standards for recycled content.

The substitute bill also establishes a system to recover half of the costs associated with the collection and disposal of products not being recycled at a 50 percent rate.

The substitute does not substantially change the provisions of the original bill relating to market development and used oil recycling.

Fiscal Note: Available. Fiscal note for substitute requested March 7, 1991.

Appropriation: Yes.

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

Testimony For: The center is desperately needed to help develop markets for recyclable materials. Funding for the center should be a "front-end" tax similar to the existing litter tax. Local governments should be allowed to ban products and packages for which disposal is difficult.

Testimony Against: The center should be funded through existing revenue sources. Businesses should be allowed to develop solutions to disposal problems without the threat of bans.

Witnesses: Mike Todd, Washington Citizens for Recycling and Pacific Energy Institute (pro); Jerry Hayes, Sonoco Products Company (didn't say); Bruce Wishart, Sierra Club (pro); Kathy Gill, Northwest Paper Products Association (both); Ray Hoffman, Seattle Solid Waste (both); Joe Tanner and Greg Wright, Washington State Recycling Association (pro); Vicki Mercer, National Audubon Society (pro); Joe Bushnell, Tacoma Recycling (pro); Jerry L. Graham and Terilyn Anderson, King County Commission for Recycling Markets (pro); Elizabeth Tabbitt, Washington Environmental Council (didn't say); Steve Drury, Northwest Process (pro); Jeanne Engerman, Washington Citizens for Recycling Foundation (pro); Jan Glick, Washington Citizens for Recycling (pro); Jan Gee, Washington Retailers Association (pro); Robert Taylor, ALCOA (didn't say); Kathleen Collins, Associated Washington Cities (both); David Dougherty, Department of Trade and Economic Development (pro); Kris Backes, Associated Washington Businesses (both); Jim Steadman, Nalley's Fine Foods, Tacoma (both); Terry Husseman, Department of Ecology (pro); and Dale Vincent, U.S. West Communications (con).

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *The substitute bill by Committee on Environmental Affairs be substituted therefor and the substitute bill as amended by Committee on Revenue do pass.* Signed by 15 members: Representatives Wang, Chair; Fraser, Vice Chair; Holland, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Appelwick; Belcher; Brumsickle; Day; Leonard; Morris; Morton; Phillips; Rust; Silver; and Van Luven.

Staff: Rick Anderson (786-7114).

Summary of Recommendation of Committee on Revenue Compared to Recommendation of Committee on Environmental Affairs:

The amendment adopted by the Committee on Revenue deletes all of the appropriations and the new revenue sources that were included in the substitute bill. Also deleted were provisions: 1) directing the Department of Ecology to develop and implement a method to collect fees from manufacturers of products and packages not being recycled at a rate of 50 percent or more; 2) exempting manufacturers from product and packaging bans by local government; 3) regulating "environmental" advertising of products; and 4) exempting core deposits from the business and occupation tax.

The amendment adopted by the Committee on Revenue adds a provision requiring the department, by November 1991, to identify the costs of collecting and disposing of packaging materials not being recycled at a rate of 50 percent or more. The Committee on Revenue amendment also adds a clause stating the bill is null and void if it is not funded in the Omnibus Budget Bill.

Fiscal Note: Available. Fiscal note for substitute requested March 7, 1991.

Appropriation: Removed.

Effective Date of Substitute Bill as Amended: The bill contains an emergency clause and takes effect immediately. However, the bill is null and void unless funded in the budget.

Testimony For: Same as Committee on Environmental Affairs testimony.

Testimony Against: Same as Committee on Environmental Affairs testimony.

Witnesses: Jan Gee, Washington Retail Association (pro with amendments); Rick Wickman, Association of Cos (pro); Kathy Gill, NWPPA (both); Joe Tanner, Washington State Recycling Association (pro); Ray Hoffman, City of Seattle, Solid Waste Utility (both); and Doris Cellarius, Sierra Club (pro).