

HOUSE BILL REPORT

SHB 2635

As Passed Legislature

Title: An act relating to the litter assessment.

Brief Description: Revising the model litter control and recycling act.

Sponsor(s): By House Committee on Revenue (originally sponsored by Representatives Rust, Horn, Valle, Heavey, Winsley and Brekke).

Brief History:

Reported by House Committee on:
Revenue, February 8, 1992, DPS;
Passed House, February 18, 1992, 98-0;
Amended by Senate;
Passed Legislature.

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 13 members: Representatives Wang, Chair; Fraser, Vice Chair; Brumsickle, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Belcher; Carlson; Day; J. Kohl; Leonard; Morris; Morton; Rust; and Silver.

Staff: Robin Appleford (786-7093).

Background: The 1971 Legislature enacted the Model Litter Control and Recycling Act to control and recycle litter. To fund these efforts, the Legislature imposed an annual tax on the value of certain products manufactured and sold within the state. The tax is collected by the Department of Revenue (DOR) and applies in the same manner as the state business and occupation tax to specified categories of products. The rate of 0.015 percent is imposed on the manufacture, wholesale, and retail of:

- 1) Food for human or pet consumption;
- 2) Groceries;
- 3) Cigarettes and tobacco products;
- 4) Soft drinks and carbonated waters;
- 5) Beer and malt beverages;
- 6) Wine;

- 7) Newspapers and magazines;
- 8) Household paper and paper products;
- 9) Glass containers;
- 10) Metal containers;
- 11) Plastic or fiber containers;
- 12) Cleaning agents and toiletries; and
- 13) Drugstores' sundry products, excluding drugs.

Proceeds from the tax are deposited in the litter control account and are distributed by the Department of Ecology as follows:

- 1) 40 to 50 percent for youth litter patrol programs;
- 2) 20 to 30 percent for public education and administration of the Model Litter Control and Recycling Act; and
- 3) 20 to 30 percent for recycling.

The 1991 Legislature created the Clean Washington Center to develop markets for recyclable materials, and funded the center for the 1991-93 Biennium. The 1991 Legislature also created the Task Force on Recycling Funding to recommend a long-term funding source for the center to the 1992 Legislature.

Summary of Bill: The Model Litter Control and Recycling Act is renamed the Waste Reduction, Recycling, and Model Litter Control Act. The purposes of the act are expanded to include promotion of markets for recyclable materials through the Clean Washington Center and other means.

The current percentages for distribution of litter tax revenues are eliminated. For fiscal year 1993, proceeds from the litter tax are to be used to control litter, encourage recycling, enforce compliance with the litter tax, and for market development. After fiscal year 1993, 40 to 50 percent of revenues are to be used for youth litter control programs. Remaining revenues are to be used for recycling, encouraging compliance with the litter tax, market development for recycling, and public education and promotion of litter control and recycling programs.

Instead of requiring businesses to separately account for taxable and nontaxable products, DOR may establish rules allowing businesses to pay the tax based on the ratio of the taxable activity to total sales.

Fiscal Note: Requested February 12, 1992.

Effective Date: July 1, 1992.

Testimony For: Finding markets is the most important problem facing recycling today. The Clean Washington Center needs a continuing revenue source so it can address all aspects of the recycling process. The Department of Revenue would like to be part of the funding solution for the Clean Washington Center, but would also like a minor language change.

Testimony Against: Business and the retailers support funding for the Clean Washington Center, but not through new taxes or fees. The paper industry could support the expansion of the tax base, but only if the state ban on packaging bans is extended.

Witnesses: Mike Todd, Washington Council For Recycling; Laura Oidings, Washington Organic Recyclers; and Russ Brubaker, Department of Revenue (all in favor). Robert Berger, Department of Transportation (concerns with loss of funding for Department of Ecology Youth Corps Program). Kris Backes; Association of Washington Business; Jan Gee, Washington Retailer's Association; and Becky Bogard, American Paper Institute (all opposed).