

# SENATE BILL REPORT

## ESHB 1060

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As Reported by Senate Committee On:  
Energy, Environment & Telecommunications, March 17, 2015

**Title:** An act relating to directing state investments of existing litter tax revenues under chapter 82.19 RCW in material waste management efforts without increasing the tax rate

**Brief Description:** Directing state investments of existing litter tax revenues under chapter 82.19 RCW in material waste management efforts without increasing the tax rate.

**Sponsors:** House Committee on Environment (originally sponsored by Representatives Fitzgibbon, Short, Farrell, Pike, Gregerson, Jinkins and Fey).

**Brief History:** Passed House: 3/03/15, 96-1.

**Committee Activity:** Energy, Environment & Telecommunications: 3/17/15 [DP].

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### SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

**Majority Report:** Do pass.

Signed by Senators Ericksen, Chair; McCoy, Ranking Minority Member; Braun, Brown, Cleveland, Habib and Honeyford.

**Staff:** Jan Odano (786-7486)

**Background:** A tax is imposed on businesses whose products, including the packaging, wrapping, and containers, are reasonably related to the litter problem in the state. The types of products that fall under this tax include beer, cigarettes, soft drinks, newspapers and magazines, glass containers, metal containers, and household paper and paper products.

The revenues from the litter tax are allocated to the Department of Ecology (Ecology). Ecology 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 that receive funding for litter control and recycling activities.

Of the funds in the litter tax account, 50 percent is for use by Ecology, the Department of Natural Resources, Department of Corrections, Department of Transportation, and the Parks and Recreation Commission for litter collection programs. The Department of Revenue also receives a small portion of the revenue for administering the funds in the account. These

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funds are also used for statewide public awareness programs, and to defray local government administration costs so that they can apply all of their funding to achieving program goals.

Twenty percent of the litter tax revenues goes to local governments for waste reduction, litter control, and recycling activities. During the 2013-15 biennium, Ecology must create a matching fund competitive grant program to provide funding for local governments and nonprofit organization public education programs designed to help the public with litter reduction, recycling, and composting of the taxed products. The grants are contingent on the availability of money appropriated.

The remaining 30 percent of the funds go to Ecology for waste reduction and recycling efforts. For the 2013-15 biennium, the funds must be used for waste reduction and recycling efforts, and providing technical assistance to local governments for commercial business and residential recycling programs designed to educate citizens about waste and litter reduction recycling programs, particularly for food packaging and plastic bags.

In addition to litter control and recycling activities, Ecology must encourage and organize voluntary local waste reduction, anti-litter and recycling campaigns; search for available funding for litter control programs; conduct a biennial statewide litter survey; and provide a summary of all waste reduction, litter control, and recycling efforts. Between 5 and 10 percent is reserved for capital need for state agencies and local governments.

The state parks have historically been funded at varying levels from the state general fund (GF-S). In response to reductions in GF-S support and in an effort to make the state parks self-supporting, the Legislature created the Discover Pass permit as a way to increase contributions from users. The 2011 Operating Budget provided one-time funding of approximately \$17 million of GF-S funds to assist state parks and an additional \$4 million in one-time funding from state aquatic lands revenue in 2012. During the 2013-15 biennium, \$5 million per fiscal year of litter tax revenue must be deposited in the State Parks Renewal and Stewardship Account.

**Summary of Bill:** Ecology must coordinate the use of the litter tax funds for recycling, composting, and litter collection, reduction, and control programs with a priority given to the products taxed under the litter tax. Composting is added as a purpose for the use of the litter tax.

The local government and nonprofit grant program is continued. Any unspent funds may be used to create and pay for the matching grant program. The program must be managed under existing grant program guidelines. A grant may not exceed \$60,000 and the recipient must provide a match equal to 25 percent of the eligible expenses. A local government's share of the costs may be met by cash or contributed services. Grants received by nonprofit programs are not subject to the business and occupation tax. Grant payments are contingent upon an appropriation made to Ecology.

From the 30 percent of the funds used to implement waste reduction and recycling efforts, Ecology must also implement composting programs to educate the public about compostable products, particularly for food packaging and plastic bags, and composting techniques.

After June 30, 2017, the biennial litter survey is eliminated.

Until June 30, 2017, \$5 million per fiscal year must be deposited into the State Parks Renewal and Stewardship Account.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed, except for section 3 relating to allowed uses of funds in the account, and section 6 relating to distribution of litter tax revenues, which are effective June 30, 2017.

**Staff Summary of Public Testimony:** PRO: The use of the revenue from the litter tax should be used for its intended purposes. Grants from unspent funds are used to help local governments and nonprofit organizations to set up recycling programs and to help educate citizens about recycling and appropriate disposal. The deferral of funds to State Parks has resulted in a decrease in recycling rates, litter pickup, and fewer youths employed for the litter-pickup crews.

**Persons Testifying:** PRO: Carolyn Logue, WA Food Industry Assn.; Mark Johnson, WA Retail Assn.; Laurie Davies, Ecology.

**Persons Signed in to Testify But Not Testifying:** No one.