

ATTACHMENT A

To

*Commission Staff Response to Motion For Summary Determination
by Petitioners Mason County Garbage, Murrey's Disposal Company, Inc.
and American Disposal Company, Inc.,
Dockets TG-101542/TG-101545/TG-101548*

Fifty-Sixth Washington Legislature, Second Session (2000)

Senate Bill Report, SHB 2939 (February 25, 2000)

SENATE BILL REPORT

SHB 2939

As Reported By Senate Committee On:
Environmental Quality & Water Resources, February 25, 2000

Title: An act relating to recycling and waste reduction.

Brief Description: Providing guidelines for recycling and waste reduction.

Sponsors: House Committee on Agriculture & Ecology (originally sponsored by Representatives Linville and G. Chandler).

Brief History:

Committee Activity: Environmental Quality & Water Resources: 2/17/2000, 2/25/2000 [DPA, DNP].

SENATE COMMITTEE ON ENVIRONMENTAL QUALITY & WATER RESOURCES

Majority Report: Do pass as amended.

Signed by Senators Fraser, Chair; Eide, Vice Chair; Jacobsen, McAuliffe, Morton and Swecker.

Minority Report: Do not pass.

Signed by Senator Honeyford.

Staff: Richard Ramsey (786-7412)

Background: The Waste Not Washington Act of 1989 established a policy framework for waste reduction, reuse, and recycling that included setting a goal for the state to recycle 50 percent by 1995, expansion of local government solid waste planning, conduct of a waste characterization survey, reporting requirements, and regulation of solid waste collection companies.

The Utilities and Transportation Commission (UTC) sets rates for solid waste collection companies. These rates cover all costs of service and a guaranteed rate of return. Currently, 100 percent of the proceeds from the sale of recycled materials is passed back to the residential customers. However, prior to the mid 1990s, solid waste collection companies bore the risk of marketing recycled materials, retaining revenue from positive sales, or covering the costs for losses.

Current law authorizes only the UTC to establish rates for solid waste collection companies. A superior court spoke directly to this issue in *King County v. Eastside Disposal*, prohibiting a local government's attempt to establish incentive rates for recycling.

The state's recycling rate reached a high of 39 percent in 1996 and declined to 33 percent in 1997. The Department of Ecology convened a recycling assessment panel to evaluate

causes in the recycling rate decline and to recommend responses. The panel's draft report includes recommendations for legislation.

Summary of Amended Bill: The Department of General Administration (GA) must work with the construction industry to develop job-site construction waste management planning guidelines and establish goals for recycled and environmentally preferable products. The standards for state purchasing are expanded to include building materials/products and also apply to post-secondary education institutions. GA must adopt standards for strawboard products and state-funded building products are required to use recycled content standards if cost-effective and readily available.

Governments, the private sector and consumers are encouraged to discuss product stewardship. Solid waste collection companies may retain 20 percent of revenues from the sale of recycled materials above the 1999 base. The hauler's plan must be certified by the local government as consistent with the local solid waste plan. Local governments may set recycling incentive rate structures

The Department of Ecology may assess penalties for failure to file recycling reports. The state goal for 50 percent recycling is extended to 2005 and a new goal is added to establish programs to eliminate yard waste/debris disposal in landfills by 2010.

Construction, demolition, and land clearing debris, and major organics are evaluated. The Department of Ecology is prohibited from adopting rules for best management practices for evaluated wastes.

Amended Bill Compared to Substitute Bill: The substitute bill requires the UTC to allow residential solid waste collection companies to retain 30 percent of the revenue from the sale of recyclable materials; the amended bill allows a 20 percent revenue sharing on revenues for recyclable materials above the 1999 base tonnage. In the amended bill, the hauler's plan must be certified by the local government as consistent with the local solid waste plan.

The following provisions are added to the substitute bill:

GA must work with the construction industry to develop job-site construction waste management planning guidelines and establish goals for recycled and environmentally preferable products. The standards for state purchasing are expanded to include building materials/products and also apply to post-secondary education institutions. State-funded building products are required to use recycled content standards if found to be cost-effective and readily available. Governments, the private sector and consumers are encouraged to discuss product stewardship. The Department of Ecology may assess penalties for failure to file recycling reports. The Department of Ecology is prohibited from adopting rules for best management practices for evaluated wastes.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The bill does not incorporate all of the recycling panel's recommendations; rather the provisions of the bill are a way to keep recycling moving and to provide incentives. The main issue is the 30 percent revenue sharing. It was the clear direction from the recycling panel and a simpler way to accomplish it.

Testimony Against: Haulers are concerned about how the incentive rates structures will be adopted and implemented. The rates should not change until the cost to provide service has been examined by the UTC.

Without the safeguards of local government certification of how recycling will be increased with the 30 percent revenue retained, haulers will simply see additional profit. An audited recycling rate case showed the 30 percent revenue sharing would increase residential collection rates by \$5.11 each year. With the 30 percent revenue share, the hauler's net income after taxes will increase from \$45,000 to \$118,000, the return on investment will increase from 16 percent to 36 percent and return on equity will increase from 26 percent to 70 percent.

Testified: Representative Kelli Linville, prime sponsor (pro); Jim Boldt, Rabanco Co. and Allied (pro with questions); Gene Eckhardt, Teresa Osinski, Utilities and Transportation Commission (con); Jim Sells, Washington Refuse and Recycling Association (pro).