

DRAFT Los Angeles County - Organic & Recycling Funding Bill

SECTION 1. (a) The Legislature finds and declares all of the following:

- 1) It is the policy goal of the state that not less than 75 percent of solid waste generated be source reduced, recycled, or composted by the year 2020. However, state recycling rate trajectory was dropping from 50 percent in 2007 to 44 percent in 2017.
- 2) Exacerbating this challenge, beginning in 2018 the China National Sword policy further restricted the export and sale of recycled commodities, setting much stricter standards on contamination and banning the sale of bales of mixed commodities like mixed-paper and mixed-plastics commodities, resulting in a 2018 Statewide recycling rate of 40 percent, a rate CA has been far above since the year 2000.
- 3) The state is facing a recycling crisis, with high rates of contamination of recycled materials when they are collected. To regain any value from millions of tons of collected materials recycling facilities must expand and upgrade their operations, resulting in higher processing costs to be able to recover a lower volume of clean material that ultimately has a lower resale value, despite meeting a higher standard. At the same time recycling facilities spend more to receive lower revenue for recyclable commodities, more material is being landfilled instead of recycled. This is directly related to the closure of nearly 1,000 recycling centers in the State since 2013, with more closures expected.
- 4) Organic waste is the state's largest source of methane and black carbon emissions, which are two of the most damaging climate pollutants and also harm respiratory and cardiovascular health.
- 5) Recycling organic waste is a priority for the state and thus, the state established aggressive targets to reduce organic waste disposal in landfills and methane emissions produced from organic waste. However, California lacks sufficient infrastructure to meet such targets. The Department of Resources Recycling and Recovery (CalRecycle) estimates that the total cost to implement statewide organic waste regulations established under the auspices of Senate Bill 1383 (2016 statutes) is approximately \$40 billion dollars (\$40,000,000,000).
- 6) These recent developments clearly demonstrate an immense gap between private sector investment and our significant need for in-State infrastructure to educate, collect, transfer, process, clean and sell both recyclable commodities and materials that are now considered organic waste. Tens of billions of dollars are needed to ensure California can place our state on a oath to meet aggressive but critically needed climate, environmental, quality of life and health & safety goals.
- 7) Many new technologies have already been proven that can address these major challenges, and in fact the California Legislative Analyst's office consistently reports, most recently in 2016, that funding for recycling as well as organic waste management is the most cost-effective method to reducing greenhouse gas emissions – as low as four dollars (\$4) per ton of GHG emissions reduced – while having co-benefits for reducing other air pollutants and short lived climate pollutants, creating green jobs and other improvements.
- 8) Developing local infrastructure and domestic markets for recycled materials benefits the environment and the state's economy and is critical due to the loss of foreign markets. Successfully achieving California's ambitious recycling and climate change goals requires partnerships and commitments from the state, local government, waste and recycling industry and recycling and organic waste project developers. This bill provides critically needed seed funding to offset economic forces that create strong headwinds against such partnership.

(b) It is the intent of the Legislature to:

- 1) Improve California's statewide recycling infrastructure to achieve the state's greenhouse gas emission and solid and organic waste reduction goals established by Senate Bill 1383 (Chapter 395, Statutes of 2016), Assembly Bill 1826 (Chapter 727, Statutes of 2014), and Assembly Bill 341 (Chapter 476, Statutes of 2011).
- 2) Improve existing and create new solid and organic waste recycling infrastructure to enable the state to better and more effectively manage, reuse, and recycle its waste stream in-state and to create additional jobs in the solid waste, recycling, and manufacturing sectors.
- 3) Assist local governments implement their solid and organic waste programs to achieve the state's greenhouse gas emission and solid and organic waste reduction goals.

SECTION 2.

Health and Safety Code Section 39719(b)(4)(A) Beginning in the 2020–21 fiscal year, notwithstanding Section 13340 of the Government Code, one hundred million dollars (\$100,000,000) is hereby continuously appropriated from the fund, without regard to fiscal years, to the Department of Resources Recycling and Recovery for in-state organic waste recycling projects that reduce greenhouse gas emissions and achieve the organic waste disposal goals established in Health and Safety Code Section 39730.6.

(B) 50% of the funds appropriated pursuant to this paragraph shall be used to provide financial assistance for in-state organic waste processing and recycling activities, which may include, but is not limited to, the construction of new or the modification or expansion of existing facilities and to support the in-state processing, reuse, and recycling of organic waste, including, through the production or application of compost, the production of soil amendments, in-vessel digestion, food waste prevention, and edible food recovery.

(C) 50% of the funds appropriated pursuant to this paragraph shall be allocated by the Department to local agencies as grants for activities directly related to organic waste management and implementation of Chapter 13.1 (commencing with Section 42652) of Part 3 of the Public Resources Code.

(5)(A) Beginning in the 2020–21 fiscal year, notwithstanding Section 13340 of the Government Code, one hundred million dollars (\$100,000,000) is hereby continuously appropriated from the fund, without regard to fiscal years, to the Department of Resources Recycling and Recovery for in-state recycling projects that reduce greenhouse gas emissions and help achieve the state's policy goal that not less than 75 percent of solid waste generated be source reduced, recycled, or composted by the year 2020, and annually thereafter, pursuant to Section 41780.01 of the Public Resources Code.

(B) Projects eligible for financial assistance include, but are not limited to, recycling market development projects, development of advanced recycling infrastructure to improve the recovery and quality of recyclable products, construction of new or modification or expansion of existing facilities that process recycled feedstock that is intended to be reused in the production of another product or that use recycled feedstock to produce another product, and the procurement and installation of equipment or development and implementation of new processes to improve the quality of material collected in curbside or neighborhood recycling programs.

(C) Of the funds appropriated pursuant to this paragraph, \$10 million shall be made available as grants to cities and counties for beverage container recycling and litter cleanup activities.

(6) For the purposes of this section:

(A) "Financial assistance" includes, but is not limited to, grants, incentive payments, low-interest loans, loan loss reserves, interest rate reductions, loan guarantees or other credit enhancements.

(B) "Local agency" means a city, county, city and county, district, or other local governmental agency that provides solid waste handling services.