

Multiple Agency Fiscal Note Summary

Bill Number: 1033 E S HB	Title: Compostable product usage
---------------------------------	---

Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Ecology	.4	0	0	339,993	.0	0	0	0	.0	0	0	0
Department of Agriculture	Fiscal note not available											
Total \$	0.4	0	0	339,993	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	Fiscal note not available								
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Lisa Borkowski, OFM	Phone: (360) 742-2239	Date Published: Preliminary 3/ 6/2023
---	---------------------------------	---

Individual State Agency Fiscal Note

Bill Number: 1033 E S HB	Title: Compostable product usage	Agency: 461-Department of Ecology
---------------------------------	---	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.6	0.2	0.4	0.0	0.0
Account					
Model Toxics Control Operating Account-State 23P-1	272,084	67,909	339,993	0	0
Total \$	272,084	67,909	339,993	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Greg Vogel	Phone: 360-786-7413	Date: 03/02/2023
Agency Preparation: My-Hanh Mai	Phone: 360-742-6931	Date: 03/03/2023
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 03/03/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 03/06/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Compared to SHB 1033, ESHB 1033 delays the report to the Legislature from March 1, 2024, to September 15, 2024.

This change would change the fiscal impact to Ecology by fiscal year, but there would be no change in the total fiscal impact.

Under current law, Chapter 70A.205 RCW (Solid Waste Management-Reduction and Recycling), the state has a goal to reduce organic solid waste and food waste in landfills by 75 percent by 2030, relative to the 2015 levels.

Under current law, Chapter 70A.455 RCW (Plastic Product Degradability), Ecology and local governments have enforcement authority on labeling requirements for compostable products, beginning on January 1, 2024. The standards for labeling of plastic and compostable products are intended to reduce contamination of the waste streams handled by compost and organic material management.

Section 1 of this bill would require Ecology to contract with a third-party facilitator to convene an advisory committee to make recommendations to the legislature for the development of standards on the management of compostable products, with particular focus on food service products, by organics management facilities.

In developing the recommendations, the committee would be required to consider the following:

- The state's goals for managing organics, including food waste.
- The types of compostable products and amounts if known, sold in Washington.
- Consumer confusion caused by non-compostable products.
- Compostable standards related to the breakdown of products in Washington compost facility systems and home composting.
- How many Washington facilities accept compostable products.
- The percentage of compostable products sold in Washington compared to what is sent to compost facilities.
- Financial incentives for compost facilities accepting compostable packaging.
- Current laws related to compostable products.
- Local and national work products on compostable packaging.
- Policy options to address organic waste stream contamination and to increase the use of reusable and refillable items.

Ecology would be required to select representatives for the committee from impacted groups, to include those groups specified in the bill at a minimum.

Ecology and the facilitator would be required to convene the first advisory committee meeting by September 15, 2023, and convene meetings at least monthly thereafter through January 2024. The facilitator may hire subcontractors to research relevant information associated with compostable products and managing organic materials at organic management facilities.

The facilitator would be required to provide staff and support to the advisory committee meetings, draft reports, other materials for review by the committee, and submit a report to the legislature by September 15, 2024.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The expenditure impact to Ecology under this bill is estimated to be greater than \$50,000 in Fiscal Year (FY) 2024 to implement the requirements of section 1.

Implementation costs are estimated in the Model Toxics Control Operating Account (MTCA – Operating). MTCA supports the state’s responsibility for solid waste management, regulation, enforcement, technical assistance, and public education under Chapter 70A.205 RCW.

Section 1 would require Ecology to hire an independent third-party facilitator to convene a stakeholder advisory committee by September 15, 2023, to make recommendations on compostable products management. Ecology would be required to select the committee members.

Ecology assumes the hiring process for the third-party facilitator would begin in late FY 2023 in order to have the facilitator hired in time to convene the first committee meeting by September 2023. Ecology assumes the facilitator would hire a subcontractor for research services to gather and provide compostable packaging research on sales in state, current laws related to compostable packaging, consumer confusion, impacts to local composters, and other information for the advisory committee. Ecology assumes data on compostable plastic products sold into the state would not be readily available, therefore, the subcontractor would have to buy the data, if available, from a national source. Based on our previous experiences implementing a similar requirement under Chapter 70A.245 RCW and purchasing of national data to implement the E-Cycle Program, Ecology estimates \$150,000 for facilitation services and \$80,000 for research services and data purchases contract, for a total of \$190,000 in FY 2024 and \$40,000 in FY 2025, which is shown in Object C.

Based on our experience implementing the stakeholder advisory committee under Chapter 70A.245 RCW, Ecology assumes:

- Ecology would select the committee members.
- The facilitator would hire a subcontractor to conduct further research, which would be provided to the committee.
- Ecology and the facilitator would convene the stakeholder advisory committee beginning in September 2023.
- The full stakeholder advisory committee would meet twice a month from September through June 30, 2024 (FY 2024), each meeting would be two hours long, and all meetings would be held remotely. Ecology assumes the committee would adjust the meeting schedule as needed.
- The facilitator would establish subcommittees to discuss detailed topics and draft recommendations to bring back to the full advisory committee for consideration.
- Committee members would participate in the research, writing, commenting, drafting, and editing of the committee recommendations. The facilitator would work with committee members to reach consensus on the recommendations and record dissenting opinions where consensus is not reached.
- The facilitator would draft the legislative report based on the committee drafted recommendations and submit the report to the legislature by September 15, 2024.

As a stakeholder advisory committee member, Ecology would: select advisory committee members, attend meetings, provide technical expertise, conduct additional research and analysis as required to contribute to the subcommittee

recommendations, and draft, review, edit and comment on all recommendations. Ecology’s representative on this committee would provide regular updates to agency management on the status and progress of the committee work. Ecology would also manage the facilitation contract and provide oversight. Ecology estimates 0.50 FTE of an Environmental Planner 4 in FY 2024 and 0.17 FTE in FY 2025.

Ecology assumes the final report submitted by September 15, 2024, would be based on the available information that could be obtained within the given timeframe and budget. Additional research, time, and funding may be required in the future if there are considerations the committee is not able to make in the September 2024 report due to insufficient available information by that date.

THE TOTAL EXPENDITURE IMPACT to Ecology under this bill is estimated to be:

FY 2024: \$272,084 and 0.58 FTE

FY 2025: \$67,909 and 0.20 FTE

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 36% of salaries.

Professional Services Contracts includes \$190,000 in FY 2024 and \$40,000 in FY 2025 for data, facilitation, and research services.

Goods and Services are the agency average of \$5,224 per direct program FTE.

Travel is the agency average of \$1,563 per direct program FTE.

Equipment is the agency average of \$1,031 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 28.75% of direct program salaries and benefits, and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT App Development - Journey.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
23P-1	Model Toxics Control Operating Account	State	272,084	67,909	339,993	0	0
Total \$			272,084	67,909	339,993	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.6	0.2	0.4		
A-Salaries and Wages	44,646	15,180	59,826		
B-Employee Benefits	16,072	5,465	21,537		
C-Professional Service Contracts	190,000	40,000	230,000		
E-Goods and Other Services	2,612	888	3,500		
G-Travel	782	265	1,047		
J-Capital Outlays	516	175	691		
9-Agency Administrative Overhead	17,456	5,936	23,392		
Total \$	272,084	67,909	339,993	0	0

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
ENVIRONMENTAL PLANNER 4	89,292	0.5	0.2	0.3		
FISCAL ANALYST 2		0.1	0.0	0.0		
IT APP DEV-JOURNEY		0.0	0.0	0.0		
Total FTEs		0.6	0.2	0.4		0.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.