

Multiple Agency Fiscal Note Summary

Bill Number: 2049 2S HB	Title: Solid waste management
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Office of Attorney General	0	0	40,000	0	0	74,000	0	0	90,000
Department of Revenue	650,000	760,000	760,000	2,820,000	3,280,000	3,280,000	3,230,000	3,770,000	3,770,000
Department of Ecology	0	0	0	0	0	11,911,284	0	0	11,279,726
Total \$	650,000	760,000	800,000	2,820,000	3,280,000	15,265,284	3,230,000	3,770,000	15,139,726

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Fiscal note not available					
Local Gov. Total						

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
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	.2	0	0	40,000	.4	0	0	74,000	.4	0	0	90,000
Department of Revenue	.1	13,500	13,500	13,500	.0	0	0	0	.3	79,000	79,000	79,000
Utilities and Transportation Commission	2.3	673,870	673,870	673,870	4.8	1,373,980	1,373,980	1,373,980	4.8	1,373,980	1,373,980	1,373,980
Department of Ecology	4.9	0	0	1,692,139	7.0	0	0	13,340,468	2.3	0	0	11,652,950
Environmental and Land Use Hearings Office	.0	0	0	0	.0	0	0	0	1.5	430,856	430,856	430,856
Total \$	7.5	687,370	687,370	2,419,509	12.2	1,373,980	1,373,980	14,788,448	9.3	1,883,836	1,883,836	13,626,786

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Breakout

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Prepared by: Lisa Borkowski, OFM	Phone: (360) 742-2239	Date Published: Preliminary 2/12/2024
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Individual State Agency Fiscal Note

Bill Number: 2049 2S HB	Title: Solid waste management	Agency: 090-Office of State Treasurer
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

NONE

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: Dan Jones	Phone: 360-786-7118	Date: 02/06/2024
Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 02/12/2024
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/12/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/12/2024

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.

2SHB 2049 creates the responsible packaging management account & the packaging financial assistance account, coupled with the general fund as the recipient of the earnings from investments from both accounts under RCW 43.79A.040(4).

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.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

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.

Individual State Agency Fiscal Note

Bill Number: 2049 2S HB	Title: Solid waste management	Agency: 100-Office of Attorney General
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Legal Services Revolving Account-State 405-1		40,000	40,000	74,000	90,000
Total \$		40,000	40,000	74,000	90,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.4	0.2	0.4	0.4
Account					
Legal Services Revolving Account-State 405-1	0	40,000	40,000	74,000	90,000
Total \$	0	40,000	40,000	74,000	90,000

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: Dan Jones	Phone: 360-786-7118	Date: 02/06/2024
Agency Preparation: Cassandra Jones	Phone: 360-709-6028	Date: 02/09/2024
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/09/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/12/2024

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.

Part One - Providing for Producer Responsibility in the Management of Packaging and Paper Products

Section 101 - New section. Findings & intent.

Section 102 - New section. Definitions.

Section 103 - New section. Requires each produce that offer for sale, sells, or distributes in or into Washington State (WA) a covered product, beginning March 1, 2025, to join a Produce Responsibility Organization (PRO) that is registered with Department of Ecology (Ecology) or register with Ecology as a PRO. Establishes duties for PROs.

Section 104 - New section. Establishes Ecology's implementation, administration, and enforcement responsibilities related to the act.

Section 105 - New section. Requires Ecology to conduct a statewide needs assessment that must be carried out by a third-party consultant selected by Ecology and establishes requirements for the content of the assessment. Requires the first assessment to be completed by October 1, 2026.

Section 106 - New section. Requires each producer of covered products to participate, implement, and fund a PRO plan approved by Ecology.

Section 107 - New section. Requires Ecology, by October 1, 2025, to identify the materials and methods for uniform statewide recycling collection of covered products. Requires Ecology to determine by rule the plan contents required to be included in PRO plans.

Section 108 - New section. Establishes procedures for PRO plan approval, updates, and revisions.

Section 109 - New section. Requires PROs to submit contingency plans to Ecology.

Section 110 - New section. Requires PROs, government entities, and service providers to manage covered products consistently with WA solid waste management hierarchy established in RCW 70A.205.005. Requires covered products collected under the act be responsibility managed at facilities meeting health and environmental protection standards. Requires workers at a material recovery facility managing covered products be paid not less than the prevailing wage. Specifies contents of plans for collection management. Defines a process Ecology must use to approve PRO plans to count towards performances rates materials sent to a facility that uses an alternative recycling process.

Section 111 - New section. Requires any PRO plan submitted to Ecology to include performance rates for covered products report by the PRO as supplied into WA.

Section 112 - New section. Requires a PRO implementing a plan to fully fund all activities required by the chapter.

Section 113 - New section. Requires a PRO to fund activity to make convenient collection services available for the list of covered products designated for collection by the Ecology and specifies the convenient collection services that must be made available.

Section 114 - New section. Addresses local government authority to collect covered products.

Section 115 - New section. Requires a PRO with covered products designated for curbside collection under its plan to reimburse a government entity that chooses to seek reimbursement for cost incurred in delivering curbside collection services.

Section 116 - New section. Requires, in areas where collection of materials from residences is regulated by the Utilities and Transportation Commission (UTC), a PRO to reimburse the company granted a certificate for each residential customer to whom service is provided.

Section 117 - New section. Requires PROs to fund and support investments in infrastructure and market development as needed to achieve the standards in the act.

Section 118 - New section. Requires PROs to implement education and outreach activities that reach diverse residents, are accessible, and support achievement of performance rates. Establishes minimum requirements for education and outreach.

Section 119 - New section. Requires annual reporting of activities by PROs starting July 1, 2030.

Section 120 - New section. Establishes an advisory council consisting of members appointed by Ecology. Requires Ecology to provide staff support. Establishes the duties of the advisory council.

Section 121 - New section. Addresses confidentiality of information submitted by PROs and others Ecology pursuant to the act.

Section 122 - New section. Prohibits specified uses of funds collected by PROs for purposes of implementing a plan.

Section 123 - New section. Allows Ecology to administratively impose a civility penalty on any producer who violates the chapter or on any PRO that violates the postconsumer recycled content provisions applicable to PROs under the chapter. Establishes enforcement procedures.

Section 124 - New section. Establishes truth in labeling requirements.

Section 125 - New section. Provides that nothing in the act impacts an entity's eligibility for incentive or assistance programs.

Section 126 - New section. Creates the responsible packaging account.

Section 127 - New section. Establishes procedures for exclusion of certain products from the requirements of the chapter.

Section 128 - New section. Creates the packaging financial assistance account.

Part Two – Postconsumer Recycled Content Requirements

Section 201 - New section. Definitions.

Section 202 - New section. Contains provisions related to de minimis producers.

Section 203 - New section. Provides Postconsumer Recycled Content (PCRC) requirements for PCRC products.

Section 204 - New section. Establishes PCRC requirements for plastic beverage containers.

Section 205 - New section. Establishes PCRC requirements for household cleaning and personal care products.

Section 206 - New section. Establishes PCRC requirements for plastic tubs.

Section 207 - New section. Establishes PCRC requirements for single use plastic cups.

Section 208 - New section. Establishes PCRC requirements for thermoform plastic containers.

Section 209 - New section. Requires PCRC reporting by PRO's.

Section 210 - New section. Provides that Ecology has 60 days to review a petition from a PRO under Section 209 and determine whether to extend, adjust, or exclude the minimum PCRC percentage required. Establishes rules for what to include in a petition.

Section 211 - New section. Addresses Ecology's administrative role and enforcement authority.

Section 212 - New section. Provides rulemaking authority for Ecology.

Section 213 - Amends RCW 70A.245.010. Definitions.

Section 214 - Amends RCW 70A.245.020. Removes language related to wine and dairy milk in plastic beverage containers and adds language related household cleaning and personal care products in plastic containers postconsumer recycled content for plastic pots and trays.

Section 215 - Amends RCW 70A.245.030. Removes language related to wine and dairy milk in plastic containers. Adds language related to plastic bags and other products. Adds language related to minimum recycled content requirements and certification.

Section 216 - Amends RCW 70A.245.040. Adds civil penalty provisions related to certified PCRC products.

Section 217 - Amends RCW 70A.245.090. To expire December 31, 2025. Ecology's authority to conduct audits and investigations and its duty to annually publish a list of registered producers and related information.

Section 218 - Amends RCW 70A.245.100. Modifies language to incorporate new sections.

Section 219 - Amends RCW 70A.245.120. Modifies language to incorporate new chapter.

Section 220 - Amends RCW 70A.245.060. Adds language related to the percentage of PCRC to plastic trash bag labeling.

Section 221 - New section. Establishes requirements related to recycled content in plastic collection bins.

Part Three – Amendments to Solid Waste Management Laws

Section 301 - New section. Legislative findings.

Section 302 - Amends RCW 70A.205.010. Incorporates additional RCW chapters and the new chapter created in the act.

Section 303 - Amends RCW 70A.205.045. Modifies requirements for the waste reduction and recycling element effective January 1, 2029.

Section 304 - Amends RCW 81.77.030. Requires the UTC to review PRO reimbursement of regulated service provides consistent with the new chapter and require certificate holders to deliver covered process only to facilities that meet specified requirements.

Section 305 - Amends RCW 81.77.160. Incorporates new chapter.

Section 306 - New section. Requires the UTC to adopt rules to establish schedules for payments from PROS formed under the new chapter.

Section 307 - Amends RCW 81.77.185. Modifies the UTC's authority to allow solid waste collection companies to retain a portion of the revenue paid to the companies for the material by exempting covered products.

Part Four – Conforming Amendments and Miscellaneous Provisions

Section 401 - Amends RCW 43.21B.110. Includes references to new sections.

Section 402 - Amends RCW 43.21B.300. Includes references to new sections.

Section 403 - New section. Provides that the authority of the UTC is unaffected.

Section 404 - New section. Requires Ecology to study the impacts of the new chapter on litter rates and possible improvements to the litter tax and report to the Legislature by January 1, 2029.

Section 405 - New Section. Repeals RCW 70A.245.110.

Section 406 - New section. Severability clause.

Section 407 - New section. Null and void clause.

Part Five – Codification

Sections 501 and 502 - New sections. Codification directions.

This bill is assumed effective 90 days after the end of the 2024 legislative session.

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.

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agencies are the Utilities and Transportation Commission (UTC) and the Department of Ecology (Ecology). The Attorney General's Office (AGO) will bill all clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's/agencies' fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

UTC will be billed for non-King County rates:

FY 2025: \$40,000 for 0.2 Assistant Attorney General FTE (AAG) and 0.1 Paralegal 1 FTE (PL1)

Ecology will be billed for non-King County rates:

FY 2026: \$18,000 for 0.1 AAG and 0.1 PL1
FY 2027: \$56,000 for 0.2 AAG and 0.1 PL1
FY 2028 and in each FY thereafter: \$45,000 for 0.2 AAG and 0.1 PL1

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.

Attorney General’s Office (AGO) Agency Assumptions:

This bill is assumed effective 90 days after the end of the 2024 legislative session.

Location of staffing is assumed to be in a non-King County office building.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables. The Management Analyst 5 FTE (MA), is used as a representative classification. An example ratio is for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 Paralegal 1 FTE (PL1) and 0.4 MA.

1. Assumptions for the AGO Utilities and Transportation Commission Division (AGO-UTC) Legal Services for the Utilities and Transportation Commission (UTC):

The AGO will bill UTC for legal services based on the enactment of this bill. AGO-UTC assumes UTC will institute one simple rulemaking to update WAC 480-70 and 480-80 to review and align UTC rules with the bill language. UTC will likely institute one complex rulemaking to adopt rules for payment schedules for producer responsibility organizations to reimburse certificated haulers for recycling collection costs in accordance with UTC approved tariffs. AGO-UTC will provide legal support to UTC for these rulemakings and incidental advice regarding implementation.

AGO-UTC: Total non-King County workload impact:
FY 2025: \$40,000 for 0.2 AAG and 0.1 PL1

2. Assumptions for the AGO Ecology Division (ECY) Legal Services for the Department of Ecology (Ecology):

The AGO will bill Ecology for legal services based on the enactment of this bill. ECY will provide advice on complex rulemaking for new Extended Producer Responsibility (EPR) program for paper and plastic packaging (created in Sections 101 through 128), including Postconsumer Recycled Content (PCRC) requirements for various packaging categories (Section 201 through 212); and advice on moderately complex rulemaking for necessary amendments to rule implementing RCW 70A.245. ECY will provide advice and representation in support of Ecology’s enforcement to ensure producer compliance with respect to enforcement letters and penalties appealable to the Pollution Control Hearing Board (PCHB) if producers are not providing certificate of compliance demonstrating recycled content for plastic collection bins in FY 2025, pesticide containers in FY 2026, and plastic pots and trays in FY 2027. ECY will provide advice responding to industry petitions to reduce required recycled content requirements (similar to under current RCW 70A.245), by type of container and product, starting FY 2025, and possible representation before the PCHB for appeals from Ecology’s decisions on petitions. ECY will also provide advice and representation in support of Ecology’s enforcement efforts to ensure producer participation in EPR program. In addition, advice and representation in support of Ecology’s enforcement of EPR program implementation by a producer responsibility organization addressing petitions to adjust PCRC requirements and addressing possible appeals to the PCHB.

ECY: Total non-King County workload impact:

FY 2026: \$18,000 for 0.1 AAG and 0.1 PL
 FY 2027: \$56,000 for 0.2 AAG and 0.1 PL
 FY 2028 and in each FY thereafter: \$45,000 for 0.2 AAG and 0.1 PL

3. The AGO Licensing & Administrative Law Division (LAL) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the Environmental and Land Use Hearings Board (ELUHO) or PCHB. New legal services are nominal and costs are not included in this request.

4. The AGO Revenue and Finance Division (REV) has reviewed this bill and determined it will not increase or decrease the division’s workload in representing the Department of Revenue (DOR). This bill requires DOR to participate in a litter tax study. DOR has participated in similar tax studies in the past and it does not believe that participation in this study would require additional legal services. Therefore, no costs are included in this request.

5. The AGO Agriculture & Health Division (AHD) has reviewed this bill and determined it will not increase or decrease the division’s workload in representing the Department of Commerce (Commerce). Therefore, no costs are included in this request.

AGO total non-King County workload impact:
 FY 2025: \$40,000 for 0.2 AAG and 0.1 PL1
 FY 2026: \$18,000 for 0.1 AAG and 0.1 PL1
 FY 2027: \$56,000 for 0.2 AAG and 0.1 PL1
 FY 2028 and in each FY thereafter: \$45,000 for 0.2 AAG and 0.1 PL1

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
405-1	Legal Services Revolving Account	State	0	40,000	40,000	74,000	90,000
Total \$			0	40,000	40,000	74,000	90,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.4	0.2	0.4	0.4
A-Salaries and Wages		28,000	28,000	50,000	62,000
B-Employee Benefits		8,000	8,000	16,000	18,000
E-Goods and Other Services		4,000	4,000	8,000	10,000
Total \$	0	40,000	40,000	74,000	90,000

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
Assistant Attorney General	129,100		0.2	0.1	0.2	0.2
Management Analyst 5	95,184		0.1	0.1	0.1	0.1
Paralegal 1	69,072		0.1	0.1	0.1	0.1
Total FTEs			0.4	0.2	0.4	0.4

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Ecology Division (ECY)				74,000	90,000
Utilities & Transportation Division (UTC)		40,000	40,000		
Total \$		40,000	40,000	74,000	90,000

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.

Department of Revenue Fiscal Note

Bill Number: 2049 2S HB	Title: Solid waste management	Agency: 140-Department of Revenue
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax		650,000	650,000	2,820,000	3,230,000
Workforce Education Investment Account-State 01 - Taxes 05 - Bus and Occup Tax		110,000	110,000	460,000	540,000
Total \$		760,000	760,000	3,280,000	3,770,000

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.1	0.1		0.3
Account					
GF-STATE-State 001-1		13,500	13,500		79,000
Total \$		13,500	13,500		79,000

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: Dan Jones	Phone: (360) 786-7118	Date: 02/06/2024
Agency Preparation: Sara del Moral	Phone: (360) 534-1525	Date: 02/06/2024
Agency Approval: Marianne McIntosh	Phone: (360) 534-1505	Date: 02/06/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/08/2024

Request # 2049-3-1

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.

Note: This fiscal note reflects language in 2SHB 2049, 2024 Legislative Session.

COMPARISON OF THE SECOND SUBSTITUTE BILL WITH THE SUBSTITUTE BILL:

The changes in the second substitute bill do not impact the Department of Revenue(department).

This fiscal note addresses Part I and Section 404 of the bill, which impacts the department.

CURRENT LAW:

PRODUCER RESPONSIBILITY AND PRODUCT STEWARDSHIP PROGRAMS

Washington has established several product stewardship programs, which regulate end-of-life management of certain products, such as pharmaceuticals and paint.

Stewardship organizations collect, transport, and provide end-of-life management for products covered under each stewardship program. In most cases, producers must participate in a stewardship organization and pay fees to support its activities.

BUSINESS AND OCCUPATION (B&O) TAX

The B&O tax is a gross receipts tax measured on the value of products, gross proceeds of sale, or gross income of each taxpayer. The tax rate varies by classification. For services and other activities, it is:

- 1.50% for taxpayers with less than \$1 million in service/other taxable during the prior calendar year, and
- 1.75% for taxpayers a greater amount of service/other taxable during the prior calendar year.

The B&O tax applies to nonprofits, businesses, and other entities. A taxpayer may not deduct expenses.

LITTER TAX

Washington levies the litter tax on manufacturers, wholesalers, and retailers of products that contribute to the litter problem in the state. Among other products, the litter tax applies to soft drinks, carbonated beverages, glass containers, and metal containers. The rate is .00015 of the taxable amount.

The department is not involved in a litter tax study at this time.

PROPOSAL:

PRODUCER RESPONSIBILITY FOR PACKAGING AND PAPER PRODUCTS

The Department of Ecology (Ecology) must oversee a producer responsibility program for paper products and packaging (covered products). Under the program, producers of these products must participate in a producer responsibility organization (PRO).

No later than March 2025, a PRO must register with Ecology.

The PRO must collect fees from producers to cover all plan implementation costs, including Ecology's implementation costs and other program costs.

Beginning March 1, 2025, each producer must join a PRO.

By October 1, 2027, or 12 months after completing a statewide needs assessment, whichever is later, a PRO must submit an implementation plan to Ecology.

Implementation plans must describe major program components, including:

- financial structures
- education and outreach activities
- collection of covered products

By January 1, 2029, or within six months of plan approval, whichever is later, the PRO must begin collecting covered materials and fulfilling other plan requirements.

LITTER TAX STUDY

The bill requires Ecology and the department to study the impact of new requirements for the producers of covered products. The study will examine the impact of the new requirements on litter rates for the covered products. The study will also examine whether the current litter tax administration, compliance, or incidence could be improved. Ecology will consult with the department on whether the litter tax meets the legislative purposes.

Ecology will provide recommendations to the appropriate legislative committees by January 1, 2029.

DEFINITIONS

"Covered product" means packaging and paper products sold or supplied to consumers for personal, noncommercial use.

A "producer" is an entity that sells, distributes, or manufactures covered products. However, it does not include government entities; nonprofit organizations; or entities that sell, distribute, or import tiny volumes of covered products.

A "producer responsibility organization" is a 501(c)(3) nonprofit designated by a producer or group of producers to develop and carry out certain activities, including collecting covered products from consumers and recycling them.

EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session.

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.

ASSUMPTIONS:

- A PRO must pay a fee to Ecology to cover program costs.
- The PRO payment for the Financial Assistance Program is \$5 million for fiscal years 2026, 2027 and 2028. The amount of this fee in the following years would be 4% of the three-year average of total PRO program costs (excluding the amount of the financial assistance fee).
- This estimate inflates the projected producer fees from historical British Columbia values using the consumer price index for all urban consumers for the Seattle area.
- Per capita operating costs for the proposed program are similar to those observed for British Columbia's program.
- Only one PRO will operate during the earlier years of the program. This PRO will start collecting fees from producers in December 2024.
- On January 1, 2029, the PRO will begin collecting covered materials and fulfilling other plan requirements.
- After fiscal year 2029, a low number of smaller PROs may also join the program.

- This estimate assumes the PRO does not purchase tangible property, thus there is no impact on retail sales tax revenues.
- Currently, tribes with compacts receive a share of certain B&O taxes (RCW 43.06.523). Under this proposal, the amount of revenue shared with tribes may decline.

DATA SOURCES:

- Department of Ecology data
- Economic and Revenue Forecast Council, November 2023 forecast
- Exchange Rates UK, US dollar to Canadian dollar spot exchange rates for 2013-2018.
- Office of Financial Management, historical estimates of April 1 population and housing for the state, counties, and cities.
- Office of Financial Management, state population forecast.
- Province of British Columbia, population estimates
- RecycleBC, annual reports

REVENUE ESTIMATES:

This bill increases state revenues by an estimated \$0.76 million in the six months of impacted collections in fiscal year 2025, and by \$1.64 million in fiscal year 2026, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 0
FY 2025 -	\$ 760
FY 2026 -	\$ 1,640
FY 2027 -	\$ 1,640
FY 2028 -	\$ 1,670
FY 2029 -	\$ 2,100

Local Government, if applicable (cash basis, \$000): None

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.

ASSUMPTIONS:

- This bill affects one taxpayer registering as the producer responsibility organization.
- The department will not incur costs in the 2025-27 biennium.
- The litter tax study will take place in fiscal year 2028 and fiscal year 2029.

FIRST YEAR COSTS:

The department will incur not incur costs in fiscal year 2024.

SECOND YEAR COSTS:

The department will incur total costs of \$13,500 in fiscal year 2025. These costs include:

- Labor Costs – Time and effort equate to 0.11 FTE.
- Create a special notice and update relevant information on the department’s website.

FIFTH YEAR COSTS

The department will incur total costs of \$41,100 in fiscal year 2028. These costs include:

Labor Costs – Time and effort equate to 0.3 FTE.

- Participate in study and attend meetings, report out, and review draft report.
- Respond to data requests and questions, compile statistics, and analyze data.

Object Costs - \$700.

- Training and travel.
- Software license.

SIXTH YEAR COSTS:

The department will incur total costs of \$37,900 in fiscal year 2029. These costs include:

Labor Costs - Time and effort equate to 0.3 FTE.

- Participate in study and attend meetings, report out, and review draft report.
- Respond to data requests and questions, compile statistics, and analyze data.

Object Costs - \$500.

- Training and travel.
- Software license renewal.

ONGOING COSTS:

There are no further ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.1	0.1		0.3
A-Salaries and Wages		8,400	8,400		50,400
B-Employee Benefits		2,800	2,800		16,600
E-Goods and Other Services		1,600	1,600		8,600
G-Travel					400
J-Capital Outlays		700	700		3,000
Total \$		\$13,500	\$13,500		\$79,000

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
MGMT ANALYST4	76,188					0.1
TAX POLICY SP 2	78,120		0.1	0.0		
TAX POLICY SP 3	88,416		0.0	0.0		0.2
WMS BAND 2	98,456		0.0	0.0		
Total FTEs			0.1	0.1		0.3

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

Request # 2049-3-1

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

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 2049 2S HB	Title: Solid waste management	Agency: 215-Utilities and Transportation Commission
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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	1.2	3.5	2.3	4.8	4.8
Account					
General Fund-State 001-1	173,744	500,126	673,870	1,373,980	1,373,980
Total \$	173,744	500,126	673,870	1,373,980	1,373,980

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: Dan Jones	Phone: 360-786-7118	Date: 02/06/2024
Agency Preparation: Kim Anderson	Phone: 360-664-1153	Date: 02/08/2024
Agency Approval: Kim Anderson	Phone: 360-664-1153	Date: 02/08/2024
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 02/09/2024

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.

This bill creates a consumer packaging producer responsibility program to facilitate the State's goal of reaching 50% recycling rate statewide as established in 1989. The program would be responsible for the collection, processing, and environmental impact mitigation of designated covered materials, and recycling outreach and education programs.

Section 103 establishes Producer Responsibility Organizations (PROs).

(5) within six months of the first adoption of rules for this measure, each PRO will submit a plan consistent with the requirements of the act.

Section 104 directs Dept. of Ecology (DOE) to determine annually the costs to implement, administer and enforce this bill and set an annual fee to be paid by each PRO that is adequate to cover those costs.

Section 105 (3)(b) directs the commission to review and submit comments to DOE on the Statewide Needs Assessment prior to its completion date of October 1, 2026.

Section 106 (3) directs the commission to participate in the consultation process to PROs on the plan required in Section 103, including:

- Opportunity to provide comment on the plan required in Section 103 30 days prior to the plan being submitted.

Section 112 (1) requires a PRO to fund all activities required by the chapter, including the cost of collection of covered materials.

Section 113 requires a PRO to fund activities to make convenient collection services available for every jurisdiction in which covered materials are sold or supplied.

(a) In areas where curbside garbage collection service is provided, except in areas where a county has adopted an ordinance after the effective date of this section that designates covered products must be collected exclusively through alternate collection, and except for covered products designated for alternate collection under a producer responsibility organization plan.

(b) In areas where curbside garbage collection is not currently provided, free and equitable access to permanent collection facilities must be provided.

This bill creates a consumer packaging producer responsibility program to facilitate the State's goal of reaching 50% recycling rate statewide as established in 1989. The program would be responsible for the collection, processing, and environmental impact mitigation of designated covered materials, and recycling outreach and education programs.

Section 103 establishes Producer Responsibility Organizations (PROs).

(5) within six months of the first adoption of rules for this measure, each PRO will submit a plan consistent with the requirements of the act.

Section 104 directs Dept. of Ecology (DOE) to determine annually the costs to implement, administer and enforce this bill and set an annual fee to be paid by each PRO that is adequate to cover those costs.

Section 105 (3)(b) directs the commission to review and submit comments to DOE on the Statewide Needs Assessment prior to its completion date of October 1, 2026.

Section 106 (3) directs the commission to participate in the consultation process to PROs on the plan required in Section 103, including:

- Opportunity to provide comment on the plan required in Section 103 30 days prior to the plan being submitted.

Section 112 (1) requires a PRO to fund all activities required by the chapter, including the cost of collection of covered

materials.

Section 113 requires a PRO to fund activities to make convenient collection services available for every jurisdiction in which covered materials are sold or supplied.

(a) In areas where curbside garbage collection service is provided, except in areas where a county has adopted an ordinance after the effective date of this section that designates covered products must be collected exclusively through alternate collection, and except for covered products designated for alternate collection under a producer responsibility organization plan.

(b) In areas where curbside garbage collection is not currently provided, free and equitable access to permanent collection facilities must be provided.

Subsection (3)(a) requires each PRO to establish a statewide list of covered products designated for collection.

(4) requires each PRO to provide a map of each area where curbside and alternative collection services for covered products are available.

Section 114

(3) requires that curbside collection of covered products in areas served by companies regulated by the commission must be done by a company holding a certificate issued by the commission.

(4) allows a county to establish an ordinance that covered products designated for collection by a PRO plan be collected exclusively through alternate collection in areas regulated by the commission under RCW 81.77, if the area was designated rural in the county solid waste plan, and no recycling service was offered within those areas as of the effective date of this section.

Section 116 requires a PRO to provide reimbursement to a company granted a certificate by the commission in accordance with the rates approved by the commission, including all taxes and fees that would otherwise be charged to residential customers directly or indirectly for recycling service. To be eligible for reimbursement from a PRO, the company granted the certificate must provide service that:

- (1) Is offered to residents in single family and multifamily residences wherever curbside garbage collection is offered;
- (2) Includes collection of all covered products designated for curbside collection;
- (3) Aligns with service standards for curbside collection established by the PRO plan;
- (4) Is provided in a manner consistent with the requirements of this chapter.

Section 307 requires the commission to adopt rules to establish schedules for payments from PROs to solid waste collection companies for full cost recovery and reimbursement mechanisms for residential recycling customers.

(2)(b) requires payment schedules to be consistent with:

- (i) any tariffs approved by the commission
- (ii) payment schedules included in county SWMPs.

Section 403 states that nothing in this act changes or limits the authority of the commission to regulate collection of solid waste including curbside collection of residential recyclable materials, in accordance with RCW 81.77.

Section 304 rennumbers and amends 81.77.030:

- (f) adding commission review of PRO reimbursement of regulated service providers.
- (g) adding compliance with PRO plans as part of the requirement to comply with local comprehensive solid waste management plans.

Section 305 amends 81.77.040 to include compliance with PRO plans to meet the requirements of chapter 70A created in Section 501 of this act.

Section 306 amends 81.77.160 (1)(b) to include all known and measurable costs related to implementation of services

designated by a PRO in an approved plan.

Section 308 amends 81.77.185 (1) to exclude covered products collected under an approved PRO plan from revenue sharing agreements.

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.

None.

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.

Complex Rulemaking

The UTC assumes Sections 304 and 306 require a rulemaking to update WAC 480-07 and 480-70 to review and align current commission rules with the language of this bill.

Section 307 requires the commission to adopt rules for payment schedules which comply with current tariffs. All tariffs contain billing period designations which can be monthly, bimonthly, or quarterly. It is possible for different certificated haulers operating in the same county to have different billing cycles; it is also possible that the same certificated hauler may have different billing periods for its separate operations, which may or may not be in the same county. Therefore, a complex rulemaking will be required to reconcile billing cycles with reimbursement procedures for each PRO. The commission may also need to modify its consumer rules to account for changes in billing practices.

The commission regulates over 50 solid waste collection operations and would expect extensive participation in the rulemaking process from a significant number of participants, requiring the added cost of a complex rulemaking.

FY24 Complex Rulemaking \$95,081 and FY25 \$95,081.

(Administrative Law Judge, 0.17 FTE; Commissioner, .05 FTE; Director Regulatory Services, 0.05 FTE; Deputy Director | Regulatory Services,

0.05 FTE; Policy Advisor, 0.13 FTE; Asst. Director | Policy, 0.1; Regulatory Analyst 2, 0.05 FTE; Regulatory Analyst 3, 0.31 FTE; Consumer Program Specialist 3, 0.31 FTE; Paralegal 3, 0.07 FTE

Department of Ecology Rulemaking

UTC assumes involvement with the development of EPR program rules lead by Ecology. Based on lead agency assumptions, the rulemaking would commence in FY24 and conclude in FY25. UTC assumes a similar level of participation to in-house rulemakings, to be shared by Policy and Regulatory Services staff equally.

One-time Expenditure \$19,928 split across FY24 and FY25

FY24: \$9,964

FY25: \$9,964

(Director Regulatory Services, 0.02 FTE; Policy Adviser, 0.04 FTE; Director Administrative Law & Policy, 0.02 FTE; Regulatory Analyst 3, 0.04 FTE)

Comments to Department of Ecology

UTC assumes section 105 requires the commission to provide comments to Dept. of Ecology on the Statewide Needs Assessment due in July 2025.

FY25 One-time Expenditure \$51,586

(Commissioner, 0.02 FTE; Directory, Legislative, 0.02 FTE; Assistant Director, Policy, 0.04 FTE; Director Regulatory Services, 0.02 FTE; Deputy Director Regulatory Services, 0.02 FTE; Policy Adviser, 0.08 FTE; Regulatory Analyst 3, 0.11 FTE)

Additional Rate filings and Complexity

FY24: \$68,699

(Deputy Director Regulatory Services, 0.01 FTE; Administrative Law Judge, 0.05 FTE; Policy Advisor, 0.05 FTE; Section Manager Regulatory Services, 0.01 FTE; Paralegal 3, 0.02 FTE; Senior Regulatory Advisor, 0.03 FTE; Regulatory Analyst 3, 0.10 FTE; Regulatory Analyst 2, 0.20 FTE)

FY 25: \$343,495

(Deputy Director Regulatory Services, 0.07 FTE; Administrative Law Judge, 0.24 FTE; Policy Advisor, 0.24 FTE; Section Manager Regulatory Services, 0.07 FTE; Paralegal 3, 0.12 FTE; Senior Regulatory Advisor, 0.17 FTE; Regulatory Analyst 3, 0.50 FTE; Regulatory Analyst 2, 1.00 FTE)

FY 26-29: \$686,990

(Deputy Director Regulatory Services, 0.14 FTE; Administrative Law Judge, 0.48 FTE; Policy Advisor, 0.48 FTE; Section Manager Regulatory Services, 0.14 FTE; Paralegal 3, 0.24 FTE; Senior Regulatory Advisor, 0.34 FTE; Regulatory Analyst 3, 1.00 FTE; Regulatory Analyst 2, 2.00 FTE)

This bill will require additional rate filings for companies to recover additional investment and processing cost for recyclable materials. Rate filings will now require review of PRO reimbursements and any over/under collection of revenues based on tariffs rates. Given the PRO interest in recycling rates they may become an interested/intervening party in rate filings resulting in additional complexity and staff time. For companies not currently offering recycling services significant investment will be required, which may require the use of multi-year rate plans. Additionally, what are now routine filings such as pass-through disposal fee or refuse tax increases, or recycling commodity value adjustments, will increase in complexity due to the effects of multi-year rate plans and PRO reimbursement calculations on company tariffs, which contain single, combined rates.

It is estimated that the 10% costs in FY24 would be due to training staff and implementing process changes. The commission regulates approximately 54 separate tariffs owned by 30 companies. It is expected that companies will file tariff revisions one at a time, so the commission would only expect a 50% cost increase due to the amount of time to review filings during the first year this measure is in effect. By the second year, and in subsequent years, the commission estimates filing review time to increase by 100% for all filings which will be impacted.

Update to Cost Assessment Questionnaire

Section 405 requires the inclusion of producer responsibility programs in solid waste management plans and would require the commission to update its cost assessment questionnaire to account for that inclusion. This would be minimal additional work and could be absorbed into current workload.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	173,744	500,126	673,870	1,373,980	1,373,980
Total \$			173,744	500,126	673,870	1,373,980	1,373,980

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.2	3.5	2.3	4.8	4.8
A-Salaries and Wages	118,193	340,222	458,415	934,678	934,678
B-Employee Benefits	41,368	119,078	160,446	327,140	327,140
C-Professional Service Contracts					
E-Goods and Other Services	14,183	40,826	55,009	112,162	112,162
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	173,744	500,126	673,870	1,373,980	1,373,980

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
Administrative Law Judge	119,604	0.1	0.3	0.2	0.5	0.5
Asst. Director, Policy	119,808	0.1	0.1	0.1		
Commissioner	174,732	0.0	0.1	0.0		
Cons Prog Spec 3	70,800	0.2	0.2	0.2		
Deputy Director Regulatory Services	122,724	0.0	0.1	0.1	0.1	0.1
Director, Administrative Law & Policy	134,772	0.0	0.0	0.0		
Director, Legislative	124,884		0.0	0.0		
Director, Regulatory Services	139,908	0.0	0.1	0.1		
Management Analyst 5	95,184	0.2	0.2	0.2		
Paralegal 3	84,192	0.1	0.2	0.1	0.2	0.2
Policy Advisor	104,004	0.1	0.4	0.3	0.5	0.5
Regulatory Analyst 2	86,208	0.2	1.0	0.6	2.0	2.0
Regulatory Analyst 3	97,596	0.1	0.6	0.4	1.0	1.0
Section Manager Regulatory Services	102,996	0.0	0.1	0.0	0.1	0.1
Senior Regulatory Advisor/Analyst	112,320	0.0	0.2	0.1	0.3	0.3
Total FTEs		1.2	3.5	2.3	4.8	4.8

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.

Sections 304, 305, 306, and generally: Appropriate terms and definitions would need to be included in WAC 480-70 and 480-07.

Section 307 Requires the commission to adopt rules for payment schedules for PROs to reimburse certificated haulers for recycling collection costs in accordance with commission approved tariffs.

Section 304 amends 81.77.030 to include review of PRO reimbursement of regulated curbside collection and would require updates to WAC 480-70 to ensure rules conform to these changes.

A review of WAC 480-07 and 480-70 would be required to implement the language of this bill.

Individual State Agency Fiscal Note

Bill Number: 2049 2S HB	Title: Solid waste management	Agency: 461-Department of Ecology
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Part I: Estimates



No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Model Toxics Control Operating Account-State 23P-1				825,000	
Recycled Content Account-Non-Appropriated 25R-6				(564,000)	(1,128,000)
Packaging Financial Assistance Account-Non-Appropriated NEW-6				10,000,000	10,000,000
Responsible Packaging Management Account-Non-Appropriated NEW-6				1,650,284	2,407,726
Total \$				11,911,284	11,279,726

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	9.7	4.9	7.0	2.3
Account					
Model Toxics Control Operating Account-State 23P-1	0	1,692,139	1,692,139	2,254,184	373,224
Recycled Content Account-Non-Appropriated 25R-6	0	0	0	(564,000)	(1,128,000)
Packaging Financial Assistance Account-Non-Appropriated NEW-6	0	0	0	10,000,000	10,000,000
Responsible Packaging Management Account-Non-Appropriated NEW-6	0	0	0	1,650,284	2,407,726
Total \$	0	1,692,139	1,692,139	13,340,468	11,652,950

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: Dan Jones	Phone: 360-786-7118	Date: 02/06/2024
Agency Preparation: My-Hanh Mai	Phone: 360-742-6931	Date: 02/08/2024
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 02/08/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/12/2024

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 2049, 2SHB 2049 has the following substantive changes:

Section 105 requires the needs assessment to include an analysis of recycling covered products back into covered products, and adds to the needs assessment update an evaluation of alternative recycling technologies.

Section 107 adds requirements to the development of the uniform collection list for materials collected curbside.

Section 110 requires Ecology to take into consideration the ability of the alternative process to produce food or pharmaceutical grade recycled content (removes the requirements that the process does producer this type of recycled content).

Section 111 amends source reduction requirements: not allowing source reduction by swapping a material to plastic, producers who replace plastic materials with other materials would not be required to reduce the weight of materials, clarification that the source reduction baseline year would be 2023 and the PRO would be allowed to provide source reduction credit for producers since January 2013. Allows for exclusions of covered products from the source reduction requirement due to technical feasibility or federal requirements.

Section 112 clarifies how the PRO is to set producer fees that differentiate between types, materials, and format of covered products.

Section 118 requires the PRO to include outreach and education to youth organizations, schools, and institutions.

Section 120 requires the advisory council to submit documentation to Ecology for any requests that the department take enforcement actions.

Section 209 requires the PRO to set producer fees to incentivize the use of PCRC and includes extensions in the list of requests or petitions the PRO may submit to Ecology.

Section 407 adds a null and void clause if funding is not specifically provided for this act in the budget by June 30, 2024.

The changes in this bill would change the fiscal impact to Ecology.

Under current law, Chapter 70A.205 RCW, state, county, and city governments are required to provide for safe waste management, including waste reduction and source separation strategies, and to process and dispose of remaining wastes in a manner that is environmentally safe and economically sound.

Local governments are responsible for providing access to recycling services for their residents through curbside services and/or drop boxes. Ecology provides technical assistance to local jurisdictions as they develop solid waste management plans that identify the materials considered recyclable (in the curbside bin or drop box) in their jurisdiction. Ecology also provides grant funding to support local government programs.

Under current law, Chapter 81.77 RCW, the Utilities and Transportation Commission (UTC) regulates solid waste collection companies that operate in unincorporated areas and in cities and towns that do not choose to contract for or provide their collection services. Solid waste collection companies must obtain a certificate from the UTC to operate. The UTC reviews and approves collection rates charged by solid waste collection companies to these areas.

Under current law, Chapter 70A.245 RCW, producers of specific plastic-covered products, including plastic beverage containers, household cleaning products, personal care products, and plastic trash bags, are required to meet specific post-consumer recycled content (PCRC) requirements. PCRC rulemaking was completed and the rule was adopted on October 31, 2023: Chapter 173-925 Washington Administrative Code (WAC).

This bill would:

- Create an Extended Producer Responsibility program for Packaging and Paper Products (EPR for PPP). This program would be operated by a single producer responsibility organization (PRO) for the first five years of program implementation. Additional PROs could establish programs after the first five years. PRO programs operate with Ecology oversight and enforcement.
- Shift the registration responsibility from Ecology, in Chapter 70A.245 RCW, to the PRO, in a new chapter of 70A RCW, for certain PCRC requirements for plastic beverage containers and household cleaning and personal care products in plastic containers, starting in January 2026. The PRO would be required to register, report, and pay annual fees to Ecology on behalf of the PCRC producers and their applicable products after January 2026.
- Add PCRC responsibilities for specific categories of plastic products (plastic food tubs, single-use plastic cups, and plastic thermoforms) to PRO duties for their member producers, starting in January 2026.
- Retain Ecology's approval authority over PCRC requests for extensions, temporary exclusions, or adjustments and penalties for noncompliance for all PCRC covered products overseen by the PRO.
- Require Ecology to provide a workload analysis for producers of PCRC products identified in Chapter 70A.245 RCW until January 2025. Require PCRC product producers to continue to register, report, and pay fees to Ecology through 2025.
- Require trash bag PCRC to remain under Ecology oversight in Chapter 70A.245 RCW with the addition of other certified PCRC products (plastic plant pots and trays and household cleaners and personal care products in plastic that are pesticide products regulated by the federal insecticide, fungicide, and rodenticide act). Upon request, the certified PCRC product producers would be required to provide a certificate of compliance.

Part One: Extended Producer Responsibility Program for Packaging and Paper Products

Section 103 – Producer and Producer Responsibility Organization (PRO) Duties

Beginning March 1, 2025, producers of covered products would be required to join a PRO and the PRO would be required to register with Ecology. Beginning October 1, 2025, producers not registered with a PRO would not be able to sell covered products in Washington State. By March 1, 2025, and annually thereafter (until submittal of annual reports), producers would register with Ecology through the PRO registration. The PRO would be required to submit specific information as prescribed in the bill. If more than one PRO registers with Ecology on March 1, 2025, Ecology would determine which proposed PRO can most effectively implement the EPR for PPP program. A single PRO would be authorized to operate the EPR program until the completion of the first program plan.

By May 1, 2025, and annually until May 1, 2028, as determined by section 112 (7), the PRO would submit the packaging financial assistance fee of \$5 million annually to Ecology to implement a packaging financial assistance program. By May 1, 2029, and annually thereafter, the PRO would submit a packaging financial assistance fee to Ecology that represents four percent of the three-year average, excluding the packaging financial assistance fee, of the PRO's annual expenditures to implement the EPR for PPP Program.

By May 1, 2026, and annually thereafter, the PRO would submit an annual payment to cover Ecology costs to implement, administer, and enforce the EPR and PCRC requirements for the coming fiscal year. The May 2026 PRO payment would reimburse Ecology for costs incurred in prior fiscal years for the Needs Assessment contract.

The PRO would submit a program plan to Ecology by October 1, 2027, or one year after the completion of the needs assessment. The PRO would submit an annual PCRC report for the prior calendar year by July 2026, required by section 209, and an annual report for the EPR program prior calendar year, consistent with section 119, by July 1, 2030, and annually thereafter.

Any PRO registered with Ecology after January 15, 2027, would be required to submit a plan within one year of registration, implement the plan within six months of approval, and submit an annual report by July 1st, beginning the first year after plan implementation.

Section 104 – Department Duties

By January 31, 2026, and annually thereafter, Ecology would be required to identify the annual costs to implement, administer, and enforce the EPR program, grant program specified in section 112(7), and Ecology's oversight for PCRC products overseen by the PRO in part two, in the next fiscal year. The annual costs identified in January 2026 would include the recovery of Ecology's consultant costs for the Needs Assessment (section 105) to the account that paid those costs. Until rules are adopted to equitably determine fee amounts for the PRO in 2026, Ecology would be required to issue a general order and send notice to the PRO of their fee amounts due.

Ecology would be required to review PRO plans and annual reports within 120 days of receipt and make them available for public review and comment for at least 30 days. Ecology would be required to consider the Advisory Council's comments on PRO plans and annual reports. The bill would authorize Ecology to adopt rules as necessary to implement, administer, and enforce this chapter.

Beginning in May of 2025, Ecology would be required to manage the PRO packaging financial assistance fee and administer the packaging financial assistance program focused on reuse.

By January 1, 2028, Ecology would be required to create model comprehensive solid waste plan amendments for use by jurisdictions in lieu of updating, amending, or revising the local solid waste plans to be consistent with the requirements in RCW 70A.205.045 (7)(b)(i).

Section 105 – Statewide Needs Assessment

Ecology would be required to conduct a Statewide Needs Assessment by October 1, 2026. This study would be conducted by a third-party consultant selected by Ecology and funded by the PRO.

The final scope of the statewide needs assessment would be developed in consultation with the PRO, the UTC, and the Advisory Council. The needs assessment would be informed by the findings and recommendations of the recycling, reuse, and source reduction target study and community input process conducted by Ecology's consultant published in December 2023, the consumer packaging reuse and recycling rate study conducted by Ecology's consultant and published in January 2023, the plastic packaging study conducted by Ecology's consultant and published in October 2020, as well as the Uniform Statewide Recycling Collection List created by Ecology per Section 107.

The statewide needs assessment would provide information on services currently offered, actions, and investments required to meet needed new or expanded services to meet the requirements of the chapter. It would also evaluate social justice needs for the state's recycling system, assess how covered products relate to litter and marine debris and prevention options, and compile information about the presence of toxic substances in covered products and the impact on reuse, recycling, and composting systems. The needs assessment would also evaluate the needs in local planning jurisdictions, including actions and investments needed by jurisdictions required to maintain and update a comprehensive solid waste management plan under RCW 70A.205.045. The needs assessment would include an analysis of system needs to recycle covered products back into covered products.

Every five years, Ecology would be able to update the needs assessment in consultation with the Advisory Council, PRO,

and UTC to inform the development of PRO plans and PRO program performance rates and analyze public place recycling needs. A needs assessment update would include an evaluation of alternative recycling technologies that meet the criteria in Section 110(5).

Section 106 – Plan Participation Obligation – Stakeholder Consultation

Producers would be required to participate in a plan. Before submitting a plan to Ecology, the PRO would be required to actively conduct stakeholder consultation, including the Advisory Council, UTC, each city and county required to maintain a comprehensive solid waste management plan and other stakeholders. All comments must be documented by the PRO.

Section 107 – Uniform Statewide Recycling Collection List - Program Plan Contents

By October 1, 2025, Ecology would be required to establish the uniform statewide recycling collection list that identifies the materials and methods for collection of covered products. This list would distinguish materials suitable for curbside (commingled or in a separate container), drop-off, or alternative collection, allowing for pilot program curbside collection of covered products with agreement by the service provider, local government, and PRO. The PRO would propose to Ecology the addition of covered products to the list of materials collected statewide in the PRO plan submitted for approval. Ecology would be able to update this list following the approval of a new, updated, or revised PRO plan. Ecology would adopt PRO plan contents requirements in rule to address all aspects PRO responsibilities.

Section 108 – Plan Approval, Updates, and Revisions

PRO plans would be required to cover five years of implementation. PRO plan updates would be submitted one year in advance of the plan expiration date. If the performance rates set in the PRO plans were not met, plans would include an independent evaluation on how to improve rates. Stakeholder consultation would be required for each plan update or revision. The PRO could choose to revise plans and Ecology could request plan revisions outside of the plan revision schedule.

Section 109 – Contingency Plan

A PRO would be required to submit a contingency plan to Ecology demonstrating how the activities in the plan would continue to be carried out by some other entity, if needed. Ecology would be required to follow the same process and timelines for reviewing and approving the contingency plan as for the PRO plan.

Section 110 – Collection and Management

A PRO would be required to document management, and provide collection of covered products, measure collection, reuse, recycling, and identify material recovery facility (MRF) locations. MRF owners and operators must ensure workers are paid prevailing rate of wages, as defined by the Department of Labor and Industries. The PRO would be required to implement measures to track the collection and management of covered products including delivery to responsible end markets. This section would require Ecology to take into consideration the ability of the alternative process to produce food or pharmaceutical grade recycled content.

The PRO would have to submit a third-party assessment of proposed use of advanced recycling technology for conversion of plastic, which Ecology would have to approve before it could count toward recycling. Ecology would be required to consult with overburdened communities, advisory council, service providers, municipalities, state agencies, alternative recycling technology providers, and others on the review of the PRO submitted assessment.

MRFs would be required to measure and annually report to Ecology: tons received, inbound and outbound quality and contamination, residuals, emissions, and labor metrics. Scrap metal recyclers would be exempt from reporting requirements unless they accept materials from a PRO.

Section 111 – Performance Rates

PRO plans submitted to Ecology would include performance rates for covered products, including source reduction. The second PRO plan submitted would include minimum reuse rates for covered products. Ecology's rulemaking would include protocols for measuring performance rates included in the plan.

Section 112 – Funding Requirements

A PRO would be required to fully fund all activities and may not use a non-reimbursable point-of-sale fee. The PRO would allow producers of magazines to satisfy their obligations through advertisements in their publications. A PRO would base the funding on the cost of managing material categories, or a similar approach, and use eco-modulated fees for producer funding. The PRO would be required to differentiate between types, materials, and format of covered products when setting producer fees.

By May 1, 2025, and annually through 2028, the PRO would submit to Ecology a \$5 million per year packaging financial assistance fee to reduce the negative environmental impacts of covered products through reuse. By May 1, 2029, and annually thereafter, each PRO would submit to Ecology a packaging financial assistance fee of four percent of the three-year average annual expenditures, excluding this fee.

Section 113 – Convenience Standards

A PRO would be required to ensure convenient collection services for the list of covered products designated for collection by Ecology in the uniform statewide materials list (Section 107) where they are sold or supplied in the state. Curbside collection would be provided to single and multi-family residents where curbside garbage service is provided. Drop off and alternative collection services would be authorized.

Section 114 – Government Agencies - Authority to Collect Covered Products

The services provided by a county, city or town under UTC authority may continue. A city, or town would be allowed to choose to not exercise its contracting authority, and services would be provided under UTC authority. Rural counties could opt out of curbside recycling by adopting an ordinance to only use drop-off sites. The PRO would be required to reimburse governments delivering services.. A city, town, or county may not enact an ordinance requiring producers to provide additional services.

Section 115 – Cost Reimbursement for Services Provided by Government Agencies

A PRO would be required to provide reimbursement to local governments for curbside or other collection service. Reimbursement rates would be calculated using the base cost formulas negotiated in the stakeholder consultation process and established in the PRO's approved plan.

Section 116 – Cost Reimbursement for Services Regulated by the UTC

A PRO would be required to reimburse a UTC certificated company in accordance with the rates approved by the UTC and adopted in their rule. Curbside recycling services would be offered in all places curbside garbage collection service is provided, including single and multi-family residences (except where a county has passed an ordinance for drop-off recycling only), and include all covered products designated for curbside collection.

Section 117 – Infrastructure Investments

A PRO would be required to fund and support reuse and recycling infrastructure and market development in Washington State and report on investments in annual reports to Ecology.

Section 118 – Education and Outreach

A PRO plan would be required to implement an education and outreach component that includes requirements for messaging to reach diverse audiences, statewide campaigns, dealing with customer questions, materials, effectiveness evaluation, and coordinate with others carrying out education and outreach, including youth organizations.

Section 119 – Annual Report

A PRO would be required to submit an annual report, starting July 1, 2030, and annually thereafter, for the prior calendar year. Ecology would determine the required report contents during rulemaking. All nonfinancial information submitted in the annual report would be independently audited and verified. Ecology would be required to determine, based on each annual report, if the PRO has fulfilled plan duties.

Section 120 – Advisory Council

By January 1, 2025, Ecology would be required to establish the advisory council with representatives as prescribed in the bill. The council would meet quarterly, at minimum, in the first three years. Ecology would be required to provide staff support and facilitation necessary for the council to carry out its duties. Ecology would be allowed to select an impartial, third-party facilitator to provide support to the council.

The Council would be required to make recommendations on the uniform statewide list of materials, the needs assessment, PRO consultation, PRO plans, and annual reports, rulemaking, and Ecology's reviews of plans and annual reports. The Council may request, with submitted documentation, Ecology take enforcement actions on the PRO for not meeting the obligations in this chapter. Council members that are representatives of tribes or tribal and indigenous services, or community-based and environmental nonprofit organizations would be eligible for reimbursements. Costs for Ecology staff support, facilitation, and reimbursement for members would be included in the annual workload analysis.

Section 121 – Confidential Business Information

PRO, MRF, or other processing facility submitting information would be able to request Ecology hold the data confidential

Section 122 – Prohibition on the Uses of Funds by PROs

Would prohibit a PRO from using funds for paying penalties, appeal of orders or penalties, litigation with the state, funding lobbying, or advertising related to lobbying.

Section 123 – Enforcement Authority

Ecology would be authorized to impose a civil penalty of up to \$1,000 per violation per day for the first violation, and up to \$10,000 for second and subsequent violation. Ecology would be required to provide written notification of noncompliance prior to assessing a penalty. Ecology would offer producers 60 days to come into compliance. This section would authorize Ecology to issue orders, revoke the PRO plan, require plan revision, and require more reporting. Ecology would be authorized to ensure that noncompliant covered products would not continue to be sold in Washington, this authority includes penalty provisions. Ecology must consider requests for enforcement action from the Advisory Committee.

Section 124 – Truth in Labeling

Beginning January 1, 2028, the distribution, sale, or offering to sell any covered product, certified PCRC product, or PCRC product that makes deceptive claims about recyclability, percentage of recycled content, or compostability (per Chapter 70A.455 RCW) is prohibited, with certain exceptions. The PRO plan submitted under Section 107 would include guidance for producers to comply with the labeling requirements. Beginning August 1, 2024, a city, town, or county would be prohibited from enacting an ordinance restricting the distribution or sale of covered products or PCRC product displaying a symbol or statement indicating recyclability if the covered product or PCRC product is designated for collection in a PRO, required to display the label by state or federal law, part of a widely adopted third-party labeling system, or using a chasing arrows symbol in combination with a 45 degree angle line.

Section 125 – Other Assistance Programs

This act would not impact an entity's eligibility for any state or local incentive or assistance program.

Section 126 – Responsible Packaging Management Account

This section would create the Responsible Packaging Management Account. All receipts collected by Ecology would be deposited in this account for Ecology's costs for implementation, administration, and enforcement of the chapter created in Section 501.

Section 127 – Petition for Exclusion of Certain Products

Ecology would be authorized to consider excluding certain categories of products, subcategory of products, or individual products initiated by Ecology or upon a petition by a producer or PRO. The petition process would apply to certain medical products, poison prevention packaging, or other products subject to federal requirements. This process would be distinct

from PCRC petition for adjustments and exclusions.

Section 128 – Packaging Financial Assistance Account

This section would create the Packaging Financial Assistance Account. All receipts collected by Ecology from Section 112 (7) would be deposited in this account for Ecology's costs for implementation and administration of the packaging financial assistance program established in Section 112(7).

Part Two: Postconsumer Recycled Content (PCRC) Requirements

Part two addresses two different categories of products that must meet PCRC percentages.

"PCRC products" would be those products, to be overseen by the PRO, that must meet PCRC standards: beverages that use plastic beverage containers; household cleaning and personal care products that use plastic containers; single-use plastic cups, plastic food tubs, and plastic thermoform containers. The beverage containers, household cleaning and personal care product producers would be required to continue registering, reporting and pay Ecology fees in 2024 and 2025. The PCRC registration, reporting, and Ecology fee payment would transfer to the PRO beginning in January 2026.

"Certified PCRC products" would be plastic trash bags, plastic plant pots and trays, and household cleaners and personal care products in plastic containers that are pesticide products regulated by the federal insecticide, fungicide, and rodenticide act. These producers would submit certification of compliance to Ecology upon request. Registration, reporting, and fee payments would not be required.

Section 203 - PCRC Requirements for PCRC Products

Beginning January 1, 2026, the PRO would be required to register with Ecology on behalf of their member producers required to meet PCRC requirements. This section would provide the dates for which PCRC products manufactured during the specified dates would be required to meet the minimum postconsumer recycled requirements.

Sections 204 - 208

These sections would provide the annual minimum PCRC percentages and their effective dates for the PCRC products manufactured during the specified dates, as identified in section 203 (plastic beverage containers; household cleaning products and personal care products; plastic tubs for food products; single use plastic cups; thermoform plastic containers) that would be overseen by the PRO for their member producers.

Section 209 - PCRC Reporting by PRO

A PRO would be required to pay an annual fee to Ecology as specified in Part One. Fees collected by the PRO would be required to be assessed to incentivize the use of PCRC material within each product category. Beginning July 1, 2026, a PRO would submit an annual PCRC report to Ecology. Six months prior to the initial effective dates listed sections 203 to 208, the PRO would submit a report to Ecology on the adequacy and commercial feasibility of third-party certifications. Ecology would have 60 days to review and approve, partially approve, deny, or request additional information the PRO third party certification recommendation. If third party certifications are deemed to exist by the PRO and Ecology, producers would be required to maintain a certificate of compliance for their PCRC products. Ecology must coordinate providing copies of certificates of compliance at the requests of members of the public. Ecology would be required to review and determine whether to approve PCRC reports, request producer certificates of compliance, provide reasons for not approving the report so the PRO could submit a revised report, and post the approved reports on its website.

By February of each year, the PRO would be able to submit to Ecology a petition for an extension, temporary exclusion, or adjustment to the minimum PCRC requirements on behalf of their members. The PRO would be required to provide necessary information for Ecology to make a determination based on the factors in Section 210.

Section 210 – Extensions, Adjustments, and Temporary Exclusions to PCRC Rates

In response to a PRO petition (section 209), Ecology would have 60 days to review and determine whether to extend, adjust, or temporarily exclude the minimum PCRC percentage for the following year, considering several factors. PCRC

rate extensions would be limited to the PCRC requirements in sections 204 (1)(c) and (2)(c), 205(3), 206(2), 207 (1)(b) and (2)(b), and 208(1)(b). Petitions for rate extensions, adjustments, and temporary exclusions would be required to include credible evidence and be evaluated by Ecology based on identified factors.

Section 211 – Administrative Role and Enforcement by the Department

The PRO would be authorized to collect penalties from a producer for failure to pay fees, register, report, or achieve PCRC rates and remit them to Ecology. Penalty reduction requests would be submitted to Ecology by August. Ecology would be authorized to determine the penalty amount and reduce the amount, considering several factors, or require a corrective action plan in lieu of a penalty.

Section 212 - Rule-making Authority

Ecology would have authority write rules to implement, administer, and enforce the chapter.

Section 214 - 70A.245.020 Postconsumer Recycled Content

This section would distinguish between PCRC products and certified PCRC product requirements.

Certified PCRC product minimum requirements would be established. Those requirements would apply to household cleaning and personal care products that are pesticides regulated under FIFRA in plastic containers that are in direct contact with the regulated product, trash bags, and plant pots or trays to certify that the products meet the PCRC rates. Ecology would manage requests from producers to adjust, extend, or temporary exclude PCRC rates in the same manner as required in Section 209.

Section 215 - 70A.245.030 Producer Reporting Requirements (Certificates of Compliance)

This section would require PCRC product producers to report to Ecology until April 1, 2025. After that date annual PCRC reporting for PCRC products would be under the PRO to complete in Part One of this bill.

This section would require producers of trash bags, considered a certified PCRC products, to develop a certificate of compliance. Producers of other certified PCRC products would be required to maintain a certificate of compliance. The certificate must be signed by an authorized official of the producer, kept on file for three years and furnished upon request. Ecology would be required to coordinate request for copies of the certificates of compliance from the public within 90 days

Section 216 - 70A.245.040 Penalties for PCRC Requirements

Ecology would be authorized to impose a civil penalty on noncompliant certified PCRC product producers of up to \$2,000 per violation per day for the first violation, and up to \$5,000 for second and \$10,000 for subsequent violations. Penalties would be collected in the Recycling Enhancement Account.

Section 217 - 70A.245.090 Department Duties

Ecology's authority to conduct audits of PCRC product reporting would continue until December 1, 2025. Ecology's requirement to publish a list of registered producers of PCRC products would continue until December 31, 2025.

Section 218 – 70A.245.100 Account

This section would add penalties collected under section 123 and section 211 to the Recycling Enhancement Account.

Section 219 - 70A.245.120 Market Study

This section would add certified PCRC products and products identified in Sections 201 through 212 and 221 to the plastic resin market study.

Section 220 – 70A.245.060 Trash Bag Labeling Requirements

This section would require trash bag labels to indicate the percent of PCRC in the trash bag beginning January 1, 2026.

Section 221 – Roll Carts

This section would add a new section to chapter 70A.245 RCW requiring plastic collection bins (roll carts) for sale or distribution in Washington used for garbage or recycling to have 25 percent PCRC by January 1, 2025.

Part Three: Amendments to Solid Waste Management Laws

Sections 301 to 303 would update sections of Chapter 70A.205 RCW related to aligning solid waste law intent and local solid waste management plans with the requirements of the bill.

Sections 304 to 307 would update sections of Chapter 81.77 RCW related to aligning the requirements of the Utilities and Transportation Commission with this bill.

Part Four: Other Conforming Amendments and Miscellaneous Provisions

Section 404 – Litter Tax Study

Ecology and the Department of Revenue (DOR) would be required to consult with the PRO on a litter tax study. By January 1, 2029, Ecology, in consultation with DOR, would be required to provide recommendations to the Legislature on the applicability of the litter tax being applied to covered products.

Section 405 would repeal the Recycled Content Account, effective July 1, 2029.

Section 406 would make this act null and void if any provisions or its application to any person or circumstance is held invalid.

Section 407 would make this act null and void if funding for this act is not provided in the budget by June 30, 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.

The cash receipts impact to Ecology under this bill is greater than \$50,000 beginning in FY 2025 and ongoing for the fees in sections 104, 112, 126, 128, and 214. Ecology assumes no penalty collections for the penalty authority established in sections 123, 211, and 216. Penalty revenue is unknown and therefore not estimated in this fiscal note.

Fees (Sections 104, 112, 126, 128, and 214)

Responsible Packaging Management Account (RPMA)

Section 104 (2) would require Ecology to determine an annual fee (for the following fiscal year) by January 31, 2026, and annually thereafter, to be paid by each producer responsibility organization (PRO) to adequately cover Ecology's implementation, administration, and enforcement costs for the chapters created in sections 501 and 502, in addition to the costs of the needs assessment (section 105) incurred in FY 2025 and FY2026.

Section 103 (6) would require the PRO to submit an annual fee payment by May 1, 2026, and annually thereafter, to cover Ecology's costs for the next fiscal year, as determined in section 104. The May 1, 2026, PRO payment would also include Ecology's contractor costs for the needs assessment.

Ecology assumes the first fee receipt collections would be for FY 2027 (billed in FY 2026). One PRO would be subject to the annual payment to support implementation of the EPR program and the PCRC requirements established in the chapter created in section 502. All receipts would be deposited in the RPMA (section 126), except for the portion of the FY 2027 payment to recover the contractor costs identified in section 105 for the statewide needs assessment would be deposited in the MTCA-Operating Account. Section 104(2)(b) specifies that the workload analysis prepared in January 2026 would include contractor costs in section 105, and that this portion of the fee would be deposited in the account that paid for these

costs. Based on this, Ecology assumes that we would recover the contractor costs incurred in FY 2025 and FY 2026 in MTCA-Operating.

Estimated RPMA Revenue

FY 2027: \$1,650,284

FY 2028: \$1,250,501

FY 2029: \$1,157,225

Estimated MTCA-Operating Revenue

FY 2027: \$825,000

Packaging Financial Assistance Account (PFAA)

Section 103 (5) would require the PRO to submit the packaging financial assistance fee payment by May 1, 2025, and annually thereafter, to cover Ecology's implementation costs for the financial assistance program as determined in section 112(7).

Section 112(7) would require the PRO to submit to Ecology a \$5 million packaging financial assistance fee each year by May 1, 2025, and annually through 2028. On May 1, 2029, and annually thereafter, each PRO would submit to Ecology four percent of the three-year average annual expenditures, excluding this fee, for the packaging financial assistance program. Ecology assumes one PRO would be operating and submitting this fee.

Ecology assumes the first fee receipt collections for the financial assistance program would be collected on May 1, 2025 (FY 2025) to fund Ecology's development of the packaging financial assistance program beginning in FY 2026. All receipts received by Ecology under section 112(7) would be deposited in the Packaging Financial Assistance Account (PFAA) for implementing and administering section 112(7). For fiscal note purposes, anticipated receipts are shown in the same fiscal year as expenditures.

Estimated PFAA Revenue:

FY 2026: \$5,000,000

FY 2027: \$5,000,000

FY 2028: \$5,000,000

FY 2029: \$5,000,000

Recycled Content Account (RCA)

Sections 214, 215, 216, and 217 would amend significant portions of the current post-consumer recycled content (PCRC) requirements in Chapter 70A.245 RCW, including Ecology's authority to issue an annual fee to producers to cover Ecology's estimated operating costs after January 1, 2026.

Ecology assumes all workload and associated costs for administering Chapter 70A.245 RCW under current law, and revenue for the corresponding annual fee would end after January 1, 2026.

Estimated RCA Revenue

FY 2027 and ongoing each FY thereafter: -\$564,000

Penalties (Sections 123, 211, 216, and 218)

Section 123 would provide authority for Ecology to assess penalties of up to \$1,000 per violation per day and up to \$10,000 per violation per day for the second and each subsequent violation of the new chapters created in sections 501 and 502. Section 123(6) would authorize Ecology to assess a penalty of twice the value of the covered product sold or \$500,

whichever is greater, on a person that continues to sell or distribute covered products that are not participating in a PRO. Any penalty collections would be deposited into the RPMA.

Section 211 would subject a PRO out of compliance with the requirements of the chapter created in section 502 to the penalty provisions of section 123.

Section 216 would provide authority for Ecology to assess civil penalties of varying specified levels based on the number of violations of the provisions of RCW 70A.245.020, 70A.245.030, or 70A.245.060. Per sections, 216 and 218, any penalty collections under sections 123, 211, or 216 would be deposited into the Recycling Enhancement Account (REA).

Ecology would work with the PRO and producers to bring them into compliance; Penalties are assumed to be limited, but unknown, and therefore are not estimated in this fiscal note.

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 Years (FYs) 2025 and ongoing to implement the requirements of sections 102-128, 201- 220, and 404.

Ecology assumes the costs associated with rulemaking and other fee-funded activities would be funded one-time with MTCA – Operating in FY 2025 and FY 2026 for the fee-eligible portions of parts one and two of the bill. Ecology's costs to implement the PCRC certification requirements in sections 214-221 are assumed to be funded with MTCA-Operating, because they would not be fee-eligible. MTCA supports the state's responsibility for solid waste management, regulation, enforcement, technical assistance, and public education under chapter 70A.205 RCW.

Estimates of agency costs are based on Ecology's experience implementing extended producer responsibility (EPR) programs for electronics, mercury lights, photovoltaic modules, and paint, implementing the PCRC requirements for plastic containers (chapter 70A.245 RCW) and requesting certificates of compliance from product producers (chapters 70A.222, 70A.340, 70A.400, 70A.405 RCWs).

Ecology's fiscal impact estimates are also based on the experience of the British Columbia (BC) Ministry of Environment in the start-up and oversight of their EPR program for packaging and printed paper. There are three producer responsibility organizations (PROs) operating in British Columbia covering residential curbside packaging and printed paper, beverage containers, and news media. There are 1,800 companies participating in the three PRO programs operating in BC for packaging and printed paper. The bill would allow only one PRO for startup (until the end of the first plan implementation), but a similar number of producers, and brands would be anticipated in Washington for the program that would be established for Part One of this bill.

Part One - Extended Producer Responsibility (EPR) For Packaging & Paper Products and Part Two – Post Consumer Recycled Content Requirements

Administration/Oversight (Sections 103, 104, 110, 111, 119, 121, 123, 124,127, 128, 203, 209, 210, 211, 212):

The bill would require a single producer responsibility organization (PRO) to be established and register with Ecology for program startup through the completion of the first 5-year program plan. The bill (Section 103) would require Ecology to determine which PRO can most effectively implement the chapter if more than one registration is received. Based on early EPR program startup experiences in Colorado and Oregon, Ecology assumes three PROs would register, and Ecology would need to determine which PRO to accept.

Ecology assumes 2,000 producers would be required to join the PRO. For this fiscal analysis, Ecology assumes 20 percent of these producers would require technical assistance to come into compliance during the initial start-up period (first three years) and that each year 100 producers would require ongoing technical assistance. Based on experience from EPR programs in BC, Ecology assumes compliance support to the PRO and producers would be needed. Technical assistance would include providing regulatory interpretations for producers and PRO regarding the requirements of this bill and notifying producers who have not registered with the PRO of their noncompliance status. Ecology would conduct enforcement actions when necessary to ensure producer compliance. Ecology assumes technical assistance would be ongoing, heavier in first three years and would reduce in the following years. Based on the BC program and Ecology's experience with EPR programs, ongoing enforcement would be required for the PRO-operated program and 2,000 producers would be required to comply.

Beginning in FY 2025, Ecology would provide outreach and technical assistance to producers and the PRO regarding the requirements of this bill including annual registration (required starting March 1, 2025), determining agency annual workload cost (required by January 31, 2026) for oversight of Part One and Part Two of this bill, establishing a general order (until rule adoption) and invoicing PRO fee payments (due to Ecology May 1, 2026) for costs to oversee Part One and Part Two of this bill, reviewing confidentiality requests, and enforcement efforts. Ecology would also provide technical assistance to solid waste service providers, processors, and local governments. Ecology would regularly consult with the advisory council, UTC, and the PRO on significant program efforts, the Uniform Statewide Recycling Collection List, and the Needs Assessment.

Ecology would participate in PRO stakeholder consultation efforts providing technical assistance, attending public events and discussions, and reviewing education and outreach materials. Ecology would consider exclusion of certain products including petitions from the PRO or producers, review and approve the PRO submitted plan (due to Ecology by October 1, 2027). In 2027, Ecology would conduct education and outreach to producers in Parts One and Two regarding the truth in labeling requirements for packaging recyclability. Following PRO plan approval, program implementation oversight work would include ensuring producers and PRO are following program requirements.

PRO annual reports would be due to Ecology starting in July 2030 for the prior calendar year, and annually thereafter. Ecology would review annual reports to ensure program implementation meets all required plan elements. Ecology would be required to determine, based on each annual report, if the PRO has fulfilled its plan duties.

Ecology's ongoing compliance efforts would include, as needed, follow up with the PRO and producers with technical assistance, and conducting enforcement for the PRO or producers not meeting the program requirements. Enforcement would include warning letters to non-compliant producers or the PRO, listing non-compliant producers on a website. Ecology would work with the producers and the PRO to come into compliance.

Ecology estimates 1.25 full time equivalent (FTE) Environmental Planner 4 (EP-4) would be required in FY 2025 and ongoing. Program duties include: provide technical assistance to producers and the PRO regarding the requirements of this bill, including notifying producers who have not registered with the PRO of their noncompliance status and conducting enforcement actions when necessary to ensure producer compliance; education and outreach to producers in Parts One and Two regarding the truth in labeling requirements; working with the PRO and producers on product exclusion petitions; ensuring the PRO conducts their duties with sufficient efforts to consult and provide service to overburdened communities and vulnerable populations; working with local jurisdictions and other interested parties to resolve questions about the program, tracking UTC rulemaking efforts, and regularly coordinating with other states with similar laws to aid in harmonized implementation.

Ecology assumes the PRO would submit assessments of alternative recycling technology proposed to be considered towards the recycling performance rates starting in July 2030 with the submittal of the first annual report. Ecology estimates 0.20 FTE EP-4 would be required each year in FY 2031 and ongoing to conduct the review of the PRO proposal including consultation with overburdened communities, advisory council, service providers, municipalities, state agencies, alternative recycling technology providers, and others on the review of the PRO submitted assessment. Ecology would review the

PRO assessment and proposal against specific criteria and publish the results of the agency determination for a 60-day public comment period. For any approved PRO proposal, Ecology would require updated information every five years.

Ecology estimates 0.10 FTE Budget Analyst 4 (BA-4) would be required in FY 2026 and 0.05 FTE in FY 2027 and ongoing to develop and update the annual workload model and make necessary adjustments to the annual fee payment consistent with section 104(2)(b).

Ecology estimates 0.75 FTE Environmental Specialist 3 (ES-3) would be required each year in FY 2025 and FY 2026, and 0.50 FTE in FY 2027 and ongoing to: register the PRO on July 15, 2025 (and every July after); collect and manage submitted information; inform the PRO of their fee payments by April 1, 2026 (and every April after); invoice the PRO and collect PRO payments due May 1, 2026 (and every May after); consider requests from the PRO or producers to hold data confidential; review of annual report data regarding recycling and reuse rates; provide enforcement support to the EP-4; and regularly update information posted on the agency's website.

Ecology estimates 0.10 FTE Communications Consultant 3 (CC-3) would be required in FY 2025 to create a public website and 0.05 FTE in FY 2026 ongoing to update the website. The website would provide information about PRO, member producers, and covered products.

Ecology estimates 0.25 FTE Environmental Specialist 4 (ES-4) each year in FY 2026 and ongoing, would be required for regional staff work across the state to provide technical assistance to local jurisdictions regarding the PRO and impacts on local planning, support the PRO, conduct stakeholder consultations, and to answer questions from residents, businesses, and local agency staff and elected officials regarding the program. Ecology assumes the PRO would start working with local jurisdictions beginning in FY 2026 and Ecology would provide ongoing statewide technical support to cities, counties, and the local solid waste collection companies beyond program implementation.

Ecology assumes the current database for PCRC producer registration and annual reporting would need to be modified for the requirements in section 209, and a new database would need to be developed for PRO registration and annual reporting in sections 103 and 119.

Ecology estimates 0.35 FTE IT Business Analyst – Journey in FY 2025 to coordinate with technical lead and IT developers to collect system requirements, coordinate user system testing, and provide user guidance for the database system to be used for the PRO to register and provide annual reporting for PCRC and EPR activities.

Ecology estimates 0.50 FTE IT Application Developer – Journey in FY 2025 to develop a new EPR database and reconfigure the current PCRC registration and annual reporting database, in consultation with the technical lead and the IT Business Analyst. 0.10 FTE IT Application Developer is estimated in FY 2026 and ongoing for database maintenance.

Section 110 would require Ecology to approve the form and format for reporting from MRFs receiving covered products in accordance with this chapter to report certain data on an annual basis.

Ecology assumes a new reporting database would need to be developed for MRFs to report the required data. A database would need to be developed to house and track this data, including for compliance purposes.

Ecology estimates 0.20 FTE IT Business Analyst – Journey in FY 2029 to coordinate with technical lead and IT developers to collect system requirements, coordinate user system testing, and provide user guidance for the annual reporting form and database used to track the information provided in the annual report from MRFs.

Ecology estimates 0.40 FTE IT Application Developer – Journey in FY 2029 to develop a new reporting form and database to track the information required in the form by MRFs, in consultation with the technical lead and the IT Business Analyst.

Ecology estimates 0.05 FTE IT Application Developer is estimated in FY 2030 and ongoing for database maintenance.

Plan Review (Sections 104, 106, 108, 109)

The bill would require one PRO to submit a program plan by October 1, 2027, or one year after the completion of the Needs Assessment in Section 105. Additional technical, policy, and communications expertise would be required to conduct reviews of the PRO submitted plan. Based on Ecology experience, technical assistance would be provided to the PRO prior to plan submittal and for any needed plan amendments.

The bill would require Ecology to approve the plan within 120 days. Based on EPR plan review experience, Ecology assumes one PRO plan amendment would be required, where the PRO would have 60 days to resubmit, and Ecology would approve the plan in 120 days (total of 8 months from initial submittal of the plan). Ecology assumes the PRO plan would be approved by June 2028, and the PRO would implement the plan by January 2029 (FY 2029). Plan review and approval work would occur again in FY 2033 for the first plan update due within five years and be repeated every five years thereafter. After the first plan, more than one PRO would be able to submit plans. Ecology assumes only one PRO would submit a plan in 2033.

Ecology estimates 0.4 FTE EP-4 would be required in FY 2028 to review one PRO plan, work with the advisory council, work with the PRO on at least one plan revision, incorporate public comments, and approve the plan.

Ecology estimates 0.4 FTE ES-4 would be required in FY 2028 to assist in plan review, work with topic and policy experts, work with the advisory council comments on the plan, and assist with the PRO plan public comment periods.

Ecology estimates 0.10 FTE EP-5 topic and policy expert would be required in FY 2028 to review and approve the submitted PRO plan, review of any advanced technology, responsible management practices, eco-modulation fees, collection service, and other technical issues.

Ecology estimates 0.10 FTE COEES-3 in FY 2028, supported by the ES-4, to manage the public comment review of the PRO plan, and work with the advisory council comments on the plan. They would manage the agency online comment platform, review comments, and provide a summary of council and public comments. They would also help draft the required responses to advisory council comments. The plan would require a 30-day public comment period.

Statewide Needs Assessment (Section 105)

The bill would require Ecology to contract for a statewide needs assessment. The statewide needs assessment would be completed by October 2026. This work would rely in part on the recycling, reuse, and source reduction target study and community input process study completed in December 2023 and the uniform statewide recycling collection list (section 107).

The bill would require the needs assessment to include an assessment of all county and city planning jurisdictions and take into consideration the results. The needs assessment would determine the needs required in each jurisdiction to collect the materials identified on the uniform statewide recycling collection list (Section 107). The needs assessment would be required to evaluate system needs and opportunities to recycle covered products back into covered products. The needs assessment would be required to identify updates required for each local solid waste plan to align with the EPR program. To complete the assessment by October 2026, the work would need to start in summer of 2025.

By July 2025, Ecology would consult with the PRO on the scope of the needs assessment and consider comments from the Advisory Council (established in January of 2025) and UTC. The PRO, UTC, and Advisory Council would provide input on the needs assessment scope as well as the draft report. The needs assessment would incorporate findings and recommendations from prior Ecology contracted studies and reports.

Ecology assumes a consultant would be hired by July 2025 (FY 2026) to conduct the needs assessment. The needs

assessment would be completed by October 2026. Ecology would hire and oversee the consultant conducting the needs assessment, including consultation with the UTC, advisory council, and PRO on the scope of the needs assessment, and draft needs assessment report as well as offering opportunities for public comment. Based on our experience implementing the finance study (E2SHB 1799), Ecology assumes the city and county-by-county assessment requirement would increase the time required to complete the analysis and conduct the outreach, resulting in higher cost associated with the needs assessment.

The needs assessment update would be completed every five years, with the option to focus the scope of the analysis and adding an evaluation of alternative recycling technologies. That assessment would be reinitiated in consultation with the Advisory Council, PRO, and UTC in FY 2032 and require an Ecology contractor.

This work would require 0.25 FTE EP-4 in FY 2026 and 0.15 FTE in FY 2027 to hire the consultant, manage the contract, assist the consultant with contacts for the local government survey, solid waste service providers, material recovery facilities, ensures sufficient outreach conducted with overburdened and vulnerable populations, coordinates with subject matter experts when needing assistance, participate in consultation discussions with the consultant to ensure technical questions resolved by Ecology experts, reviews of the draft report, and coordinate draft report review and consultation with the advisory council, PRO, and UTC, including participation in advisory council meeting presentations/consultations.

This work would require 0.25 FTE EP-5 in FY 2026 to provide technical assistance to the EP-4, providing subject matter expertise as the consultant conducts outreach to local governments, solid waste service providers, material recovery facilities, and residents, provide technical review of the draft report, and provide input on comments from the advisory council, PRO, and UTC.

Ecology assumes the needs assessment work would be similar to the combined effort to complete the 2023 consumer packaging target study and community input process and the local government solid waste financing study. Ecology estimates \$825,000 would be required for the needs assessment: \$525,000 in FY 2026 and \$300,000 in FY 2027, shown in Object C. Ecology assumes the needs assessment would be updated within five years, with a more focused scope. Ecology estimates \$225,000 for a consultant contract, and 0.25 FTE EP-4 would be needed in FY 2032 to conduct a needs assessment update.

Uniform Statewide Recycling Collection List (Section 107)

Ecology assumes the work on the uniform statewide recycling collection list would start in September 2024. Ecology assumes a consultant would be hired by September 2024 (FY 2025) to support Ecology's efforts to complete the uniform statewide recycling collection list.

Ecology would consult with collection lists developed by other states implementing EPR for PPP laws, material lists published by Ecology and the Washington Association of County Solid Waste Managers, as well as the results of the recycling, reuse, and source reduction target study and community input process published in December 2023. Ecology assumes the list would be published in June 2025 for public comment, and a final list published in October 2025.

Ecology assumes a contracted third party would be hired to assist with the analysis of available data, identification of materials suitable for curbside (either commingled or in a separate container), drop-off, or alternative collection, and stakeholder outreach during list development. This work involves analysis of local collection service methods in consultation with each local jurisdiction and solid waste service provider. It also involves consultation with MRFs, recyclers, packaging producers, and trade associations for consumer-packaged goods. The draft and final list would identify uniform list for curbside, drop off, alternative-site collection, as well as which collection methods would be required in each jurisdiction across the state.

This work would require 0.5 FTE EP-4 in FY 2025 and 0.13 FTE FY 2026 to hire the consultant, manage the contract, and leading the work with the consultant's support to develop the list of materials and methods of collection across the state. Local governments, solid waste service providers, producers of consumer packaging, PRO, Advisory Council, UTC, and the

public would be consulted on the list development. This would involve monthly meetings from September 2024 to June 2025, preparation of draft lists and recommendations, consideration of comments, publishing the draft list in June 2025 for public comment, and publishing the final list in October of 2025.

Ecology assumes the cost of developing the uniform statewide recycling collection list would be similar to the level of effort provided for the 2022 consumer packaging study (Senate Bill 5693 Section 58). Ecology estimates \$300,000 would be required to support the development of the uniform statewide recycling collection lists: \$200,000 in FY 2025 and \$100,000 FY 2026, shown in Object C. Ecology assumes the uniform statewide recycling collection list would be updated as the PRO updates their plan and expands collection to more materials. Ecology estimates \$100,000 for a consultant contract, and 0.25 FTE EP-4 would be needed in FY 2033 to update the uniform statewide recycling collection list.

In FY 2025 and FY 2026, all costs would be funded in MTCA-Op before PRO fees take effect. However, contractor costs related to the needs assessment would be funded by the PRO in the FY 2027 payment. This portion of the fee amounts would reimburse MTCA-Op.

Packaging Financial Assistance Program (Section 112)

Ecology would work to create a Packaging Financial Assistance (PFA) grant program to reduce the negative environmental impacts of covered products through reuse. Development of guidance for the PFA grant program would use the criteria in Section 112(7), elements of existing Ecology grant programs, and elements from a similar reuse grant program in Oregon. Grant program development would start in July 2025, with the first anticipated grant opportunity offered in July 2026. Funds for the PFA grant program would be received from the PRO each May, starting May 2025. Ecology assumes the grant application period would occur from July to September each year. Ecology assumes we would develop an Environmental Justice Assessment of the grant program in FY 2026 as required under the HEAL Act, Chapter 70A.02 RCW.

By May 1, 2025, and annually through 2028, the PRO would submit to Ecology a \$5 million per year packaging financial assistance fee. On May 1, 2029, and annually thereafter, each PRO would submit to Ecology four percent of the three-year average annual expenditures, excluding this fee, for the packaging financial assistance program.

Ecology estimates 0.07 FTE EP4 in FY 2026 to develop guidelines, outreach materials, and application forms, coordinate with other agencies as needed, complete the environmental justice assessment, and conduct new grant program training for internal and external stakeholders.

Ecology estimates 0.02 FTE CC3 in FY 2026 to review and edit the outreach materials prepared by the EP4 and create an agency website to publish the material.

Ecology estimates annual grant administration workload would require ES-4 0.40 FTE in FY 2026 to establish the PFA grant program in Ecology Administration of Grants and Loans (EAGL) system, develop the grant program guidance and criteria. Ecology estimates ES-4 1.25 FTEs in FY 2027 and ongoing to conduct outreach for potential applicants, score grant applications, provide technical assistance, and implement the grant program.

Additional costs to establish a new grant program and applications in the Agency's Administration of Grants and Loans (EAGL) system are \$40,000 in FY 2026 (shown in object E, Goods & Services) and \$10,000 each year in FY 2027 and ongoing for system maintenance.

Ecology assumes up to \$5,000,000 would be available for 40 PFA grants starting in FY 2027 and ongoing, shown in Object N. Ecology assumes the cost of administering the PFA Grant program development in FY 2026 would be funded by the PFA fee collected in May 2025, and grant program administration would be funded by the PRO annual fee payment based on the Ecology workload analysis (Section 104) beginning in FY 2027.

Advisory Council (Section 120)

Ecology assumes the advisory council would be established in FY 2025 (January 2025), and Ecology would consult with this advisory council during program startup efforts. The work to establish the council would be conducted by Ecology. Facilitation of the council would be conducted by a third-party facilitator hired and overseen by Ecology. Members of the council or their designee who represent tribes or tribal and indigenous services and community-based and environmental nonprofit organizations would be reimbursed for travel expenses to the extent allowed per RCW 43.03.050 and 060 or RCW 70A.02.050.

Ecology estimates 0.50 FTE EP-4 in FY 2025 and 0.25 FTE EP-4 in FY 2026 and FY 2027, and 0.20 in FY 2028 and ongoing. Beginning in FY 2025, Ecology would attend council meetings, oversee the third-party facilitator, manage the facilitator contract, provide reimbursements to council members as requested, and provide other staff support to the council. This work would be higher for the first three years (FY 2025 to FY 2028) of quarterly council meetings and less in the second half of FY 2028 and ongoing for semiannual meetings. Ecology anticipates the level of effort to convene and manage this advisory council would be similar to the plastic stakeholder effort conducted in 2021.

Ecology assumes a contract with a professional facilitator would be required for the advisory council meetings to ensure all council members have a voice in the efforts detailed in the bill. Ecology further assumes that the third-party facilitator would, with Ecology staff oversight, coordinate council meetings, set agendas, schedule meeting, prepare materials, take notes, prepare council comments on Ecology and PRO activities, and assist the council in development of bylaws and charter. The facilitator would work with the council's diverse membership to provide comments and recommendations to Ecology and the PRO on the implementation of the EPR program, the uniform statewide recycling collection list, the needs assessment, and PRO prepared plans and annual reports. Based on Ecology's experience with a third-party facilitator hired for the plastic stakeholder advisory committee required in Engrossed Second Substitute Senate Bill 5022 (2019 legislative session), Ecology estimates the cost of this professional services contract would be \$15,000 per advisory council meeting. Section 121(6) would require the council to meet a minimum of every three months for the first three years. The advisory council would begin meetings in January 2025, meet quarterly for at least three years from January 2025 to December 2027, and continue semiannual meetings ongoing after January 2028. Consultant costs are estimated at \$30,000 in FY 2025 for two meetings, \$60,000 each year in FY 2026 and FY 2027 for four meetings, \$45,000 for three meetings in FY 2028, and \$30,000 for two meetings in FY 2029 and ongoing.

Ecology assumes that there would be five members of the board who would receive reimbursement for travel. Ecology estimates that private vehicle mileage plus per diem would be \$350 per person per meeting, for a total estimate of \$1,175 per meeting. Reimbursements would be based on documents submitted per the RCWs, in a form prescribed by Ecology. Costs are estimated to be \$3,500 for two meetings in FY 2025, \$7,000 for four meetings each year in FY 2026 and FY 2027, \$5,250 for three meetings in FY 2028, and \$3,500 for two meetings in FY 2029 and ongoing each year thereafter, in Object G.

In FY 2025 and FY 2026, all costs for this section would be funded in MTCA-Op before PRO fees take effect. Because the Advisory Council falls within the requirements to implement this chapter and are thus eligible to be fully funded by PRO fees, FY 2027 costs are assumed to be in the Responsible Product Management Account (RPMA).

AAG Support – EPR Program and PCRC requirements

Our Assistant Attorney General (AAG) has estimated that the following staff time in the Office of the Attorney General (ATG) would be needed to provide legal support for rulemaking, and advice and representation in support of Ecology's enforcement to ensure producer participation (i.e., registration and annual fee payments starting May 2026, determining responsible parties starting January 2024, enforcement letters, penalties) in FY 2026 through FY 2029. In addition, ATG advice and representation would be needed in support of Ecology's enforcement of program implementation.

Estimated workload and costs are 0.06 FTE AAG and 0.03 Legal Assistant (LA) for a total of \$18,000 in FY 2026, 0.19 FTE AAG and 0.10 FTE LA for \$56,000 in FY 2027, and 0.15 FTE AAG and 0.08 FTE LA for a total of \$45,000 each year

in FY 2028 and FY 2029. Costs are included in Object E.

Part Two: PCRC Requirements for PRO (Sections 203, 209, 210, 211, 212)

Beginning January 1, 2026, and annually thereafter, the PRO established in Part One of this bill would be required to register with Ecology on behalf of all member producers of PCRC products. The PRO would be responsible for identifying member producers required to meet PCRC requirements, annually collect producer fee payments and data required to be reported to Ecology. The PRO would submit an annual report to Ecology beginning July 1, 2026, and annually thereafter.

PCRC products overseen by the PRO include plastic beverage containers, plastic household cleaning product containers, plastic personal care product containers, plastic tubs, thermoform plastic containers, and single-use plastic cups.

Ecology would review, approve, or deny PRO submitted evaluations of third-party certifications for each product category, as the PCRC requirement dates take effect, to determine the availability and adequacy of the certification. The PRO third party certification evaluations would be submitted to Ecology six months prior to the initial PCRC effective dates for each product category. If adequate third-party certifications exist, producers of PCRC products would be required to maintain a third-party certificate stating compliance with the PCRC requirements within a year of the of the date the requirements take effect. Ecology would be required to handle requests from the public for these certificates; producers would have 60 days to supply the certificates to Ecology and Ecology would have 90 days to supply them to the public.

After January 2026, Ecology would provide ongoing technical assistance for PCRC compliance, including ensuring regulated producers join the EPR PRO and come into compliance with the requirements. Ecology assumes evaluations to adjust or provide temporary exclusions to the PCRC requirements would occur annually and start a year before the minimum recycled content requirements begins. PRO petitions would be expected the year before PCRC rates apply and be ongoing, beginning in February 2026, as producers would likely petition for reduced requirements to avoid being out of compliance. Ecology's evaluations would be based on research on market conditions, recycling rates, availability of recycled plastic, infrastructure capacity, and covered product producers' progress to achieving the goals, and determine if the minimum standards for the product packaging should be adjusted. Ecology would evaluate producer submitted data in the process of determining recycled content adjustments, or temporary exclusions. Ecology would be required to make PCRC reports, including requests for adjustments or temporary exclusions, available on the website for review and public comment for at least 30 days. Ecology would be required to grant adjustments or temporary exclusions for PCRC products that meet a list of criteria. Ecology assumes data about the availability of multiple types of recycled content plastics resins would be purchased from an independent third-party organization a year prior to when the rates would apply beginning in FY 2027.

Based on recent presentations by industry trade groups about the lack of widely available polypropylene (PP) and polyethylene terephthalate (PET) thermoform resin approved for food contact use by the U.S. Food and Drug Administration, Ecology assumes annual review of these elements would be warranted. Ecology assumes annual PRO petitions for each of the PCRC covered products. Ecology would conduct research on market conditions, recycling rates, availability of recycled plastic, infrastructure capacity, and PCRC product producers' progress to achieving the goals and determine if the minimum standards for the PCRC product container categories or types should be adjusted. Ecology assumes temporary exclusion requests would apply to each category of PCRC products. These requests would be expected every year starting with the PRO PCRC annual report submitted in July 2026. Ecology would evaluate producer submitted data in the process of determining recycled content adjustments or temporary exclusions from PCRC requirements.

Ecology would review PRO PCRC annual reports, submitted evaluations of third-party certifications, determine producers not in compliance with the minimum PCRC requirements, notify the PRO of the PCRC product producers out of compliance, calculate the penalty, and consider PCRC rate adjustments by PCRC product category or type, penalty reductions, or corrective action plans in lieu of penalty. Penalty assessments, adjustments, reductions, and determinations would begin in July 2026 and be ongoing every July thereafter.

Beginning in June 2026 for beverage containers, 2031 for plastic tubs, single use plastic cups and household cleaning and personal care products, and 2036 for plastic dairy product bottles, 186ml plastic wine bottles and plastic thermoforms, the PRO would have the option to annually submit a request for a one-year extension of the final highest PCRC requirements for product categories, based on market conditions, PCRC availability, and technological feasibility. Ecology would review these extension requests within 30 days to approve, partially approve, deny, or request additional information. Ecology would be able to renew an approval annually or report to the legislature any need to revise these requirements. Ecology assumes these requests would be part of the annual review of extensions and adjustments. Ecology assumes additional efforts would be needed to review and approve the PRO third-party certifications evaluations.

Ecology estimates 0.60 FTE EP-4 each year in FY 2025 and ongoing to provide technical assistance, ensure producer compliance, review annually reported PCRC data from the PRO, manage requests for confidential information, review requests and petitions for extensions, adjustments, or exclusions, review PRO submitted third party certification evaluations, handle requests for PCRC certificates of compliance, and determine penalty assessments or reductions. Ecology estimates \$30,000 annually for recycled content plastics resins data purchase, starting FY 2026 and annually thereafter.

Ecology assumes a rulemaking update to Chapter 173-925 WAC would be required to implement the PCRC requirements that will become part of the PRO responsibility in 2026. This rulemaking would be separate from the rule completed for Part One of this bill.

Elimination of Ecology oversight of PCRC for plastic beverage containers, household cleaning products and personal care product containers (Sections 213-220)

Sections 213 through 217 would establish dates when PCRC product requirements in Chapter 70A.245 RCW no longer remain under direct Ecology authority. Ecology notes that this change would become effective on January 1, 2026, when those responsibilities transfer to the PRO.

Ecology assumes oversight responsibilities for individual PCRC products would end on January 31, 2025, for the workload analysis, January 1, 2026, for audit and investigation authority, and January 1, 2026, for online publication of individually registered producers. Ecology's oversight of individual PCRC producers would end until March 1, 2025, for producer registration, April 1, 2025, for producer fee payment, and April 1, 2025, for producer annual reporting. After those dates, the PRO in Part One would submit the required registration, reports, and fees and Ecology's annual costs would be included in the Part One workload analysis.

Based on the 2023-25 Enacted Operating Budget, Ecology's budget would be reduced by 4.4 FTE and \$564,000 in the Recycled Content Account in FY 2027 and ongoing.

For this fiscal note, direct FTE reductions are shown at an average Environmental Specialist 3 level, with FTEs reduced by 3.82 direct FTEs and 0.58 FTEs for agency indirect support in FY 2027 and ongoing. In addition to the staff cost reduction, an additional reduction of \$32,271 in Object E in each fiscal year represents other non-staff-related costs for the PCRC law implementation that would need to be reversed. Spending authority in the Recycled Content Account would be reduced as follows: -\$564,000 in FY 2027 and ongoing each fiscal year thereafter.

Ecology's Oversight of Certified PCRC Products (Sections 213-222)

Producers of certified PCRC products would be required to meet PCRC minimums by specific dates. Certified PCRC products would include plastic trash bags, plastic plant pots and trays, and household cleaning and personal care products, that are federally regulated as pesticides, in plastic containers that are in direct contact with the regulated product. The producers of those products would be required to meet PCRC rates, must maintain and, upon request, provide evidence or certificates of compliance to Ecology. Plastic roll cart collection bins would be required to meet PCRC requirements and would be required to provide evidence of meeting the requirements, upon request.

Beginning July 2024, Ecology would provide outreach and technical assistance regarding recycled content requirements to producers of plastic trash bags, pesticide product plastic containers, plastic plant pots and trays, and plastic roll cart collection bins. Ecology would provide ongoing technical assistance and would assist producers with the certificate of compliance requirements and provide information on an Ecology website regarding the recycled content requirements. Ecology would review requests for adjustments or temporary exclusions for certified PCRC products. Ecology assumes these requests would be received annually for all product categories excluding plastic collection bins, which do not have this option.

Ecology assumes rulemaking would not be required to implement the requirements on producers of certified postconsumer recycled content products in Sections 213-222.

Ecology estimates 0.25 FTE EP-4 each year in FY 2025, FY 2026, and FY 2027, and 0.15 FTE EP-4 in FY 2028 and ongoing to provide technical assistance, ensure producer compliance, review requests for adjustments or exclusions, request certificates of compliance, and determine penalty assessments or reductions for the products required to meet the PCRC rates.

Market Study (Section 219)

If funding is appropriated prior to January 1, 2028, Ecology would be required to contract with a research university or an independent consultant to study plastic resin markets for analyzing market conditions and opportunities in the state's recycling industry for meeting minimum PCRC requirements and/or certification requirements specified in this act. The study would also determine the data needs and tracking opportunities to increase the transparency and support of a more effective, fact-based public understanding of the recycling industry. The study must be completed by May 1, 2029. Ecology assumes funding would be appropriated in the 2027-29 carryforward budget. Ecology assumes a comprehensive analysis of plastic resin markets to assess the ability to support the ongoing PCRC requirements. The analysis would need to be robust and based on available peer-reviewed data.

Based on experience with a comprehensive study on plastic packaging for the state of Washington (Chapter 70A.520 RCW, E2SSB 5397 Laws of 2020), Ecology estimates 0.20 FTE EP-4 each year in FY 2028 and FY 2029 to develop a contract proposal, review applications, manage the contract, review the contract's findings, and provide recommendation on the state's recycling industry and ability to meet the minimum PCR content requirements and/or certification requirements specified in this act. Ecology estimates this contract would cost \$250,000 in FY 2029.

PART ONE RULE – EPR ONLY

Rulemaking – Part One (Sections 102, 104, 107, 111, and 119)

Rulemaking would be required for the EPR program in this bill created in Part One. Ecology assumes rulemaking would be highly technical with high public interest and require extensive public engagement. Ecology would establish a rule advisory committee to assist with rule development and consult with the advisory committee throughout the rulemaking process. Ecology assumes twice monthly meetings with the rule advisory committee during the rule drafting phase (December 2024 to October 2025). Ecology assumes three public meetings when developing draft rule language and three public hearings for the proposed rule language. Ecology would conduct targeted outreach and consult with overburdened communities and vulnerable populations across the state throughout the rulemaking process. Based on the requirements in this bill and prior experience with extended producer responsibility programs and rulemaking, Ecology assumes this initial rulemaking would take 2.5 years to complete, beginning October 2024 (FY 2025) and completed by March 2027 (FY 2027). Information provided in the uniform statewide recycling collection list (Section 107) and needs assessment (Section 105) would be incorporated into the rulemaking effort in FY 2027.

Initial rule development for this program would include: clarifying definitions; establishing an equitable formula for

determining each PRO's share of the annual payment to cover Ecology's costs; establishing plan and annual report content requirements necessary to fulfill the intent of the bill; establishing material categories and rules for measuring performance rates for each material category; establishing the process for third party assessments of alternative recycling processes to count toward the recycling performance rates; establishing elements to be included as annual reporting requirements necessary to determine the program's compliance; establishing third-party audit and verification requirements; establishing processes for plan approvals; and many other requirements.

The following would be required:

A rule coordinator to oversee the rulemaking process to comply with the Administrative Procedures Act; oversee the rule development and communication plan; review and file the CR-101; coordinate and conduct public meetings; file the CR-102 and hold public hearings with webinar access; work with an economist on economic impact analysis; work with technical staff to finalize rule language; and file the CR-103 for adoption. This would require 0.12 FTE Regulatory Analyst 3 (RA-3) in FY 2025, 0.1 FTE RA-3 FY 2026, and 0.12 FTE RA-3 in FY 2027 to complete a 2.5-year complex rule.

A rulemaking lead would oversee rule timeline management, lead rule development, manage stakeholder engagement, consult with the advisory council, incorporate results from the needs assessment, conduct targeted outreach and consult with overburdened communities and vulnerable populations across the state, conduct the rulemaking environmental justice assessment, and conduct other tasks as necessary. This would require as follows: 0.8 FTE EP-4 in FY 2025; 1.15 FTE EP-4 FY 2026; and 0.8 FTE EP-4 in FY 2027.

Subject matter experts would advise on criteria for: establishing plan content requirements, annual reporting requirements and processes for plan approvals; developing criteria for measuring material performance rates; and providing expert advice on extended producer responsibility programs in Washington State, the US, and internationally. This would require 0.6 FTE EP-5 in FY 2025, 0.5 FTE EP-5 FY 2026, and 0.6 FTE EP-5 in FY 2027.

Technical support staff would collect data, support analysis of potential policy outcomes, provide support to the EP-4 rulemaking lead and EP-5, and subject matter experts, coordinate with communications staff to provide technical support for public outreach. This includes any needs for regional support. This would require a 0.4 FTE ES-4 in FY 2025, 0.5 FTE ES-4 in FY 2026, and 0.4 FTE ES-4 in FY 2027.

Based on previous rulemaking experience and the magnitude of interested parties and affected stakeholders, the requirement to consult with the advisory council, communications and outreach support is included to ensure robust public engagement in the rulemaking process. The following positions would support public engagement:

A communications lead would coordinate an outreach strategy and media engagement. This would require a Communications Consultant 5 (CC-5) 0.12 FTE in FY 2025, 0.1 FTE in FY 2026, and 0.08 FTE in FY 2027.

A communications consultant would develop the website, outreach documents, assist with interpretive language needs for the entire rulemaking. This would require a Communications Consultant 3 (CC-3) 0.12 FTE in FY 2025, 0.1 FTE in FY 2026, and 0.08 FTE in FY 2027.

An outreach coordinator would organize rule advisory committee meetings, public meetings, prepare informational materials, and respond to stakeholder questions throughout the rulemaking process. This would require a Community Outreach & Environmental Education Specialist 3 (COEES-3) 0.08 FTE in FY 2025, 0.1 FTE in FY 2026, and 0.08 FTE in FY 2027.

The following positions would complete an economic and regulatory analysis of the rule and subsequent updates as required by law: Economic Analyst 3 (EA-3) 0.25 FTE in FY 2027; and Regulatory Analyst 2 (RA-2) 0.1 FTE in FY 2027.

Three public meetings would be held in FY 2026 and three public hearings would be held in FY 2027. Cost estimates include facility rental costs, estimated at \$1,000 per meeting for a total of \$3,000 each year in FY 2026 and FY 2027 in Object E.

Based on the complexity of the rule and prior experience with other complex rulemakings, Ecology assumes a contract with a professional facilitator would be required for these public meetings to ensure that all stakeholders have an equal voice. Ecology estimates the facilitator cost would be \$2,100 per meeting or hearing. Cost estimates include professional services contract costs for facilitation, estimated at \$6,300 in FY 2026 and \$6,300 in FY 2027 in Object C.

PART TWO RULE UPDATE – PCRC ONLY

Rulemaking – Part Two (Sections 201, 203, 209, 212, and 217)

Rulemaking update would be required to amend Chapter 173-925 WAC for the PCRC products in Part Two managed by the PRO created in Part One. Ecology assumes rulemaking would be technical with some public interest and require some public engagement. Ecology would establish a rule advisory committee to assist with rule development and consult with the advisory committee throughout the rulemaking process. Based on the Chapter 70A.245 RCW rulemaking, we assume monthly meetings with the rule advisory committee during the rule revision drafting phase (March 2025 to August 2025). Ecology assumes two public meetings when developing draft rule language and two public hearings for the proposed rule language. Based on the requirements in this bill and prior experience with the PCRC rule development, Ecology assumes this rulemaking amendment would take 1.5 years to complete, beginning October 2024 (FY 2025) and completed by March 2026 (FY 2026).

Updating Chapter 173-925 WAC would include: updating definitions; revising the language to reflect the responsibilities established in Sections 201 to 212, provide clarification regarding requirements for third party certification of PCRC; process for extend, adjust, exclude, or reduce PCRC requirements; PCRC reporting requirements; enforcement process; and other requirements.

The following would be required:

A rule coordinator to oversee the rulemaking process to comply with the Administrative Procedures Act; oversee the rule development and communication plan; review and file the CR-101; coordinate and conduct public meetings; file the CR-102 and hold public hearings with webinar access; work with an economist on economic impact analysis; work with technical staff to finalize rule language; and file the CR-103 for adoption. This would require 0.11 FTE Regulatory Analyst 3 (RA-3) in FY 2025, 0.16 FTE RA-3 FY 2026, to complete a 1.5-year rule update.

A rulemaking lead would oversee rule timeline management, lead rule development, manage stakeholder engagement, consult with the advisory council, incorporate results from the needs assessment, conduct outreach to overburdened and vulnerable populations, conduct the rulemaking environmental justice assessment, and conduct other tasks as necessary. This would require as follows: 0.7 FTE EP-4 in FY 2025; 0.7 FTE EP-4 FY 2026.

Subject matter experts would advise on added PCRC products, PRO responsibilities, protocols for PCRC rate adjustments, exclusions, or reductions. This would require 0.2 FTE EP-5 in FY 2025, 0.1 FTE EP-5 FY 2026.

Based on previous rulemaking experience communications and outreach support is included to ensure robust public engagement in the rulemaking process. The following positions would support public engagement:

A communications lead would coordinate an outreach strategy and media engagement. This would require a Communications Consultant 5 (CC-5) 0.10 FTE in FY 2025, 0.10 FTE in FY 2026.

A communications consultant would develop the website, outreach documents, assist with interpretive language needs for the entire rulemaking. This would require a CC-3 0.12 FTE in FY 2025 and 0.1 FTE in FY 2026.

An outreach coordinator would organize rule advisory committee meetings, public meetings, prepare informational materials,

and respond to stakeholder questions throughout the rulemaking process. This would require a Community Outreach & Environmental Education Specialist 3 (COEES-3) 0.10 FTE in FY 2025, 0.10 FTE in FY 2026.

The following positions would complete an economic and regulatory analysis of the rule and subsequent updates as required by law: Economic Analyst 3 (EA-3) 0.20 FTE in FY 2026; and Regulatory Analyst 2 (RA-2) 0.05 FTE in FY 2026.

Two public meetings would be held in FY 2026 and two public hearings would be held in FY 2026. Cost estimates include facility rental costs, estimated at \$1,000 per meeting for a total of \$4,000 in FY 2026 in Object E.

Part Four – Miscellaneous Provisions

Litter Tax Study (Section 404)

The bill would require Ecology to contract for a study of the impacts of the EPR on litter rates in the state. The study would identify improvements to the structure of the litter tax (under chapter 82.19 RCW) including administration, compliance, and distribution of the tax and application of the tax to certain products.

Ecology, in consultation with the Department of Revenue, would provide recommendations on the applicability of the litter tax on EPR covered products and improvements to the structure of the litter tax. The recommendations would be delivered to the appropriate committees of the legislature by January 2029.

Ecology assumes a consultant would be hired by July 2027 (FY 2028) to conduct the study. The study would be completed by August 2028 (FY 2029). Ecology and Revenue would provide recommendations to the legislature by January 2029.

This work would require 0.25 FTE EP-4 in FY 2028 and FY 2029. Ecology would hire and oversee the consultant conducting the litter tax study and work with the PRO and advisory council on the draft study review and comment. This position would consult with the Department of Revenue regarding the litter tax recommendations to be submitted to the legislature. Ecology assumes this position would serve as the agency coordinator on the recommendations report to the legislature.

This work would require 0.25 FTE EP-5 in FY 2029 to provide policy review of the consultant's study report, advise the project lead, and coordinate with Ecology's government relations on the recommendations. This position would provide policy review of the contracted study and provide assistance in consultation with the Department of Revenue. Ecology assumes this position would advise the lead coordinator on legislative report requirements.

In addition to the efforts identified above, preparation of the report for submittal to the legislature would require staffing time for communications review for content clarity and key messages, and accessibility and plain talk review. Ecology estimates, 0.05 FTE CC-5, 0.05 FTE CC-2, and 0.05 FTE RA-3 in FY 2029.

The cost of the study would be more complicated than the 2022 consumer packaging study conducted under Senate Bill 5693 Section 58 due to the complexity and scope of the study. Ecology estimates \$200,000 would be required for the litter tax study in FY 2028 and \$100,000 in FY 2029, shown in Object C.

SUMMARY: The expenditure impact to Ecology under this bill is as follows:

Extended Producer Responsibility for Paper and Product Packaging is estimated to require:

FY 2025: \$1,303,702 and 7.1 FTEs

FY 2026: \$1,726,763 and 6.8 FTEs

FY 2027: \$1,304,920 and 5.9 FTEs

FY 2028: \$661,129 and 3.9 FTEs

FY 2029: \$595,602 and 3.5 FTEs

Post-Consumer Recycled Content Requirements is estimated to require:

FY 2025: \$388,437 and 2.6 FTEs

FY 2026: \$443,413 and 2.7 FTEs

FY 2027: \$179,626 and 1.0 FTEs

FY 2028: \$447,230 and 1.1 FTEs

FY 2029: \$197,230 and 1.1 FTEs

Repeal of current Post-Consumer Recycled Content (PCRC) Law Provisions is estimated to require:

FY 2027 and ongoing: \$-564,000 and -4.4 FTEs

Packaging Financial Assistance Program is estimated to require:

FY 2026: \$5,040,000 and 0.6 FTEs

FY 2027: \$5,209,746 and 1.4 FTEs

FY 2028: \$5,209,746 and 1.4 FTEs

FY 2029: \$5,209,746 and 1.4 FTEs

Litter Tax Studies, Coord with DOR/Consultant is estimated to require:

FY 2028: \$244,008 and 0.3 FTEs

FY 2029: \$216,259 and 0.7 FTEs

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

FY 2025: \$1,692,139 and 9.7 FTEs

FY 2026: \$7,210,176 and 10.1 FTEs

FY 2027: \$6,130,292 and 3.9 FTEs

FY 2028: \$5,998,113 and 2.3 FTEs

FY 2029: \$5,654,837 and 2.3 FTEs

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 includes costs for contracts to support studies and assessments, are estimated to be \$230,000 in FY 2025, \$721,300 in FY 2026, \$396,300 in FY 2027, \$525,000 in FY 2028, \$160,000 in FY 2029. Included in these totals are cost estimates for facilitation for rulemaking and the Advisory Council, estimated to be \$30,000 in FY 2025, \$66,300 in FY 2026, \$66,300 in FY 2027, \$45,000 in FY 2028, and \$30,000 in FY 2029 and ongoing thereafter.

Goods and Services are the agency average of \$5,224 per direct program FTE and includes estimated AGO costs of \$18,000 in FY 2026, \$56,000 in FY 2027, and \$45,000 in FY 2028 and ongoing each fiscal year thereafter. Object E also includes rulemaking facilities costs of \$7,000 in FY 2026, and \$3,000 in FY 2027; also included is a reduction of \$32,271 in FY 2027 and ongoing for non-staff related costs for the repeal of Ecology's PCRC implementation requirements under current law.

Travel is the agency average of \$1,563 per direct program FTE and includes travel reimbursement estimates for Advisory Council members, estimated to be \$3,500 in FY 2025, \$7,000 each year in FY 2026 and 2027, \$5,250 in FY 2028, and \$3,500 in FY 2029 and ongoing each year thereafter.

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

Grants includes \$4,921,090 in FY 2026 and \$5,000,000 each year in FY 2027 through FY 2029 for the packaging financial assistance grants.

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	0	1,692,139	1,692,139	2,254,184	373,224
25R-6	Recycled Content Account	Non-Appropriated	0	0	0	(564,000)	(1,128,000)
NEW-6	Packaging Financial Assistance Account	Non-Appropriated	0	0	0	10,000,000	10,000,000
NEW-6	Responsible Packaging Management Account	Non-Appropriated	0	0	0	1,650,284	2,407,726
Total \$			0	1,692,139	1,692,139	13,340,468	11,652,950

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		9.7	4.9	7.0	2.3
A-Salaries and Wages		791,687	791,687	1,189,198	502,700
B-Employee Benefits		269,962	269,962	405,513	171,421
C-Professional Service Contracts		230,000	230,000	1,117,600	685,000
E-Goods and Other Services		51,109	51,109	175,336	70,013
G-Travel		22,137	22,137	40,839	17,702
J-Capital Outlays		10,868	10,868	15,661	5,223
N-Grants, Benefits & Client Services				9,921,090	10,000,000
9-Agency Administrative Overhead		316,376	316,376	475,231	200,891
Total \$	0	1,692,139	1,692,139	13,340,468	11,652,950

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
BUDGET ANALYST 4	91,073				0.1	0.1
COM OUTRCH & ENV ED SP 3	67,717		0.2	0.1	0.1	0.1
COMM CONSULTANT 2	64,439					0.0
COMM CONSULTANT 3	71,149		0.4	0.2	0.2	0.1
COMM CONSULTANT 5	93,349		0.2	0.1	0.1	0.0
ECONOMIC ANALYST 3	95,627				0.2	
ENVIRONMENTAL PLANNER 4	95,650		4.6	2.3	4.0	2.9
ENVIRONMENTAL PLANNER 5	105,612		0.8	0.4	0.7	0.2
ENVIRONMENTAL SPEC 3	74,489		0.8	0.4	(1.3)	(3.3)
ENVIRONMENTAL SPEC 4	86,324		0.4	0.2	1.5	1.7
FISCAL ANALYST 2			0.9	0.4	0.6	0.2
IT APP DEVELOPMENT-JOURNEY	107,154		0.5	0.3	0.1	0.3
IT APP DEV-JOURNEY			0.4	0.2	0.3	0.1
IT BUSINESS ANALYST-JOURNEY	107,154		0.4	0.2		0.1
REGULATORY ANALYST 2	88,798				0.1	
REGULATORY ANALYST 3	100,521		0.2	0.1	0.2	0.0
Total FTEs			9.7	4.9	7.0	2.4

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.

Section 104 (6) would require Ecology to adopt rules as necessary to implement, administer, and enforce this chapter.

Section 212 would authorize Ecology to adopt rules as necessary to implement, administer, and enforce this chapter.

Ecology assumes one rule would be required to implement the new EPR for PPP program, beginning October 1, 2024, and adopted by March 31, 2027. And one rule amendment for the PCRC products over PRO oversight, Chapter 173-925 WAC, beginning October 1, 2024, and adopted by March 31, 2026.

Individual State Agency Fiscal Note

Bill Number: 2049 2S HB	Title: Solid waste management	Agency: 468-Environmental and Land Use Hearings Office
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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	0.0	0.0	0.0	0.0	1.5
Account					
General Fund-State 001-1	0	0	0	0	430,856
Total \$	0	0	0	0	430,856

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: Dan Jones	Phone: 360-786-7118	Date: 02/06/2024
Agency Preparation: Dominga Soliz	Phone: 3606649173	Date: 02/08/2024
Agency Approval: Dominga Soliz	Phone: 3606649173	Date: 02/08/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/12/2024

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.

NO CHANGES FROM LAST VERSION

This bill aims to improve Washington's solid waste management outcomes in 2 main ways:

1. Making producers, retailers, importers, etc. of packaging, and publishers/manufacturers of paper products retailers more responsible in managing such products. Producers must join a producer responsibility organization if they wish to sell products. Producers are prohibited from selling products that make a deceptive or misleading claim about recyclability (section 124). Violations are subject to penalty of up to \$1,000 per day per violation (section 123). Any person incurring a penalty under subject (1) or (6) of this section or an order under subsection (2) may appeal the penalty or order to the Pollution Control Hearings Board (PCHB) (section 123). A person may appeal a decision by the department to the PCHB regarding a producer responsibility organization's proposal to count towards recycling performance rates under subsection (5)(d). (section 110).

2. Making producers of certain household and durable goods and containers meet minimum post-consumer recycled content (PCRC) in their goods and containers (sections 203-209), and track/report PCRC (section 211). Compliance with requirements to occur between January 1, 2023 to January 1, 2036, depending on which requirement. Producers who don't comply are subject to penalty.(sections 210, 211). Department of Ecology will administer and enforce PCRC requirements (section 212). A producer or producer responsibility organization may appeal a decision by the department to extend or adjust PCRC percentages or to temporarily exclude PCRC products from minimum PCRC requirements under subsection (4) to the PCHB (section 210). A producer or a producer responsibility organization may appeal penalties assessed and orders issued to PCHB (section 211).

This bill amends solid waste management laws to add producer of waste packaging/plastic as sharing in the responsibility of solid waste handling, recovery, and recycling. In other words, adding new programs discussed above to pertinent sections of the solid waste management statute.

This bill amends PCHB statutes to add that the PCHB can decide appeals of civil penalties and orders imposed under the bill (section 401), and that civil penalties imposed under the bill must be imposed in writing and describe violation with reasonable particularity (section 402).

The bill creates new appeals to the PCHB. Section 110 authorizes the PCHB to hear appeals of Ecology's decision to deny approval of the organization's proposal. Section 210 authorizes the PCHB to hear appeals to extend the PCRC percentages.

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.

None

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.

ELUHO estimates 10 average complexity appeals per year resulting from this bill.

ELUHO assumes ELUHO’s work on appeals resulting from the bill begins in FY28, following rulemaking by the Department of Ecology.

ELUHO estimates each appeal resulting from this bill will require approximately 230 hours of Administrative Appeals Judge (AAJ) work to complete (110 pre-hearing hours + 120 hearing and post-hearing hours) x 10 appeals. This estimate is based on a current analysis of AAJ work.

230 hours/appeal x 10 appeals = 2,300AAJ hours per FY, ongoing.

Assume New AAJ FTE: The PCHB will need approximately 1.0 FTE for an AAJ with knowledge of environmental law to assist with these new cases, based on the estimated number of AAJ hours per year. RCW 43.21B.005(2) authorizes the ELUHO director to appoint such AAJs to assist the PCHB. The AAJ 1.0 FTE will not serve as a member of the Boards, but will conduct legal research and writing, mediate cases, draft Board memos and materials, and perform other legal duties to assist the Board.

An AAJ makes \$117,840 per year, plus related benefits estimated at \$34,945 per year, at current benefits rates. The agency needs a 1.0 FTE AAJ, so the salary would be \$117,840 per FY, ongoing. Related benefits would total \$34,945 per FY, ongoing.

Assume additional Paralegal 1 (P1) FTE: Paralegals provide support for all three Boards, including managing all Board cases and court filings, providing support for Board members, AAJs, and Board meetings, and providing administrative support for ELUHO office functions. ELUHO assumes 0.5 P1 FTE for every 1.0 AAJ FTE. The bill will require approximately 0.5 P1 FTE to manage the additional cases and support the AAJ FTE.

A P1 makes \$69,072 (assumed Range 51, Step L) per year, with related benefits estimated at \$26,567 per year. The agency needs a 0.5 P1 FTEs so salary would be \$69,072 x 0.5 FTE = \$34,536 per FY, ongoing. Related benefits would total \$13,283 per FY, ongoing.

Goods and services for the total 1.5 FTE are estimated at \$8,437 per year, in FY28, ongoing. Goods and services include communications, payroll processing, training, and other staff costs. Estimates include some travel at the low cost per diem rates totaling \$2,198 per year, ongoing. Also included is one time equipment costs for furniture and computers totaling \$8,378 in FY 28.

Assume office space needed: Currently, ELUHO leases space on the top floor of the State Parks building, Parsons Plaza, with lease expiring in FY26. We assume the ELUHO office will move to a state-owned facility and offices will be needed for the additional 1.0 AAJ FTE. The 0.5 P1 FTE would need additional cubicle space.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	0	0	0	430,856
Total \$			0	0	0	0	430,856

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					1.5
A-Salaries and Wages					304,752
B-Employee Benefits					96,456
C-Professional Service Contracts					
E-Goods and Other Services					16,874
G-Travel					4,396
J-Capital Outlays					8,378
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	0	0	0	430,856

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
Administrative Appeals Judge	117,840					1.0
Paralegal I	69,072					0.5
Total FTEs						1.5

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

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.



Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
2049 2S HB	Solid waste management

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Office of Attorney General	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	0	760,000	1,640,000	1,640,000	1,670,000	2,100,000	2,780,000	3,120,000	3,060,000	3,030,000	19,800,000
Utilities and Transportation Commission	0	0	0	0	0	0	0	0	0	0	0
Department of Ecology	0	0	5,000,000	7,475,284	6,250,501	6,157,225	4,435,768	5,234,628	6,661,917	7,370,061	48,585,384
Environmental and Land Use Hearings Office	0	0	0	0	0	0	0	0	0	0	0
Total	0	760,000	6,640,000	9,115,284	7,920,501	8,257,225	7,215,768	8,354,628	9,721,917	10,400,061	68,385,384



Ten-Year Analysis

Bill Number 2049 2S HB	Title Solid waste management	Agency 090 Office of State Treasurer
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 2/12/2024 10:15:53 am
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 2/12/2024 10:15:53 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2049 2S HB	Title Solid waste management	Agency 100 Office of Attorney General
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Cassandra Jones	Phone: 360-709-6028	Date: 2/9/2024 4:40:57 pm
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 2/9/2024 4:40:57 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2049 2S HB	Title Solid waste management	Agency 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐ **No Cash Receipts**
☐ **Partially Indeterminate Cash Receipts**
☐ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Business and occupation tax	001		650,000	1,410,000	1,410,000	1,430,000	1,800,000	2,380,000	2,670,000	2,630,000	2,600,000	16,980,000
Business and occupation tax	24j		110,000	230,000	230,000	240,000	300,000	400,000	450,000	430,000	430,000	2,820,000
Total			760,000	1,640,000	1,640,000	1,670,000	2,100,000	2,780,000	3,120,000	3,060,000	3,030,000	19,800,000
Biennial Totals			760,000	3,280,000	3,770,000	5,900,000	6,090,000	19,800,000				

Narrative Explanation (Required for Indeterminate Cash Receipts)

Note: This fiscal note reflects language in 2SHB 2049, 2024 Legislative Session.

COMPARISON OF THE SECOND SUBSTITUTE BILL WITH THE SUBSTITUTE BILL:
The changes in the second substitute bill do not impact the Department of Revenue(department).

This fiscal note addresses Part I and Section 404 of the bill, which impacts the department.

CURRENT LAW:

PRODUCER RESPONSIBILITY AND PRODUCT STEWARDSHIP PROGRAMS

Washington has established several product stewardship programs, which regulate end-of-life management of certain products, such as pharmaceuticals and paint.

Stewardship organizations collect, transport, and provide end-of-life management for products covered under each stewardship program. In most cases, producers must



Ten-Year Analysis

Bill Number	Title	Agency
2049 2S HB	Solid waste management	140 Department of Revenue

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Narrative Explanation (Required for Indeterminate Cash Receipts)

participate in a stewardship organization and pay fees to support its activities.

BUSINESS AND OCCUPATION (B&O) TAX

The B&O tax is a gross receipts tax measured on the value of products, gross proceeds of sale, or gross income of each taxpayer. The tax rate varies by classification. For services and other activities, it is:

- 1.50% for taxpayers with less than \$1 million in service/other taxable during the prior calendar year, and
- 1.75% for taxpayers a greater amount of service/other taxable during the prior calendar year.

The B&O tax applies to nonprofits, businesses, and other entities. A taxpayer may not deduct expenses.

LITTER TAX

Washington levies the litter tax on manufacturers, wholesalers, and retailers of products that contribute to the litter problem in the state. Among other products, the litter tax applies to soft drinks, carbonated beverages, glass containers, and metal containers. The rate is .00015 of the taxable amount.

The department is not involved in a litter tax study at this time.

PROPOSAL:

PRODUCER RESPONSIBILITY FOR PACKAGING AND PAPER PRODUCTS

The Department of Ecology (Ecology) must oversee a producer responsibility program for paper products and packaging (covered products). Under the program, producers of these products must participate in a producer responsibility organization (PRO).

No later than March 2025, a PRO must register with Ecology.

The PRO must collect fees from producers to cover all plan implementation costs, including Ecology's implementation costs and other program costs.

Beginning March 1, 2025, each producer must join a PRO.

By October 1, 2027, or 12 months after completing a statewide needs assessment, whichever is later, a PRO must submit an implementation plan to Ecology.



Ten-Year Analysis

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2049 2S HB	Solid waste management	140 Department of Revenue

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Narrative Explanation (Required for Indeterminate Cash Receipts)

Implementation plans must describe major program components, including:

- financial structures
- education and outreach activities
- collection of covered products

By January 1, 2029, or within six months of plan approval, whichever is later, the PRO must begin collecting covered materials and fulfilling other plan requirements.

LITTER TAX STUDY

The bill requires Ecology and the department to study the impact of new requirements for the producers of covered products. The study will examine the impact of the new requirements on litter rates for the covered products. The study will also examine whether the current litter tax administration, compliance, or incidence could be improved. Ecology will consult with the department on whether the litter tax meets the legislative purposes.

Ecology will provide recommendations to the appropriate legislative committees by January 1, 2029.

DEFINITIONS

"Covered product" means packaging and paper products sold or supplied to consumers for personal, noncommercial use.

A "producer" is an entity that sells, distributes, or manufactures covered products. However, it does not include government entities; nonprofit organizations; or entities that sell, distribute, or import tiny volumes of covered products.

A "producer responsibility organization" is a 501(c)(3) nonprofit designated by a producer or group of producers to develop and carry out certain activities, including collecting covered products from consumers and recycling them.

EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session.

ASSUMPTIONS:

- A PRO must pay a fee to Ecology to cover program costs.
- The PRO payment for the Financial Assistance Program is \$5 million for fiscal years 2026, 2027 and 2028. The amount of this fee in the following years would be 4% of the



Ten-Year Analysis

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Narrative Explanation (Required for Indeterminate Cash Receipts)

the three-year average of total PRO program costs (excluding the amount of the financial assistance fee).

- This estimate inflates the projected producer fees from historical British Columbia values using the consumer price index for all urban consumers for the Seattle area.
- Per capita operating costs for the proposed program are similar to those observed for British Columbia's program.
- Only one PRO will operate during the earlier years of the program. This PRO will start collecting fees from producers in December 2024.
- On January 1, 2029, the PRO will begin collecting covered materials and fulfilling other plan requirements.
- After fiscal year 2029, a low number of smaller PROs may also join the program.
- This estimate assumes the PRO does not purchase tangible property, thus there is no impact on retail sales tax revenues.
- Currently, tribes with compacts receive a share of certain B&O taxes (RCW 43.06.523). Under this proposal, the amount of revenue shared with tribes may decline.

DATA SOURCES:

- Department of Ecology data
- Economic and Revenue Forecast Council, November 2023 forecast
- Exchange Rates UK, US dollar to Canadian dollar spot exchange rates for 2013-2018.
- Office of Financial Management, historical estimates of April 1 population and housing for the state, counties, and cities.
- Office of Financial Management, state population forecast.
- Province of British Columbia, population estimates
- RecycleBC, annual reports

REVENUE ESTIMATES:

This bill increases state revenues by an estimated \$0.76 million in the six months of impacted collections in fiscal year 2025, and by \$1.64 million in fiscal year 2026, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 0
FY 2025 -	\$ 760
FY 2026 -	\$ 1,640
FY 2027 -	\$ 1,640
FY 2028 -	\$ 1,670
FY 2029 -	\$ 2,100

Local Government, if applicable (cash basis, \$000): None



Ten-Year Analysis

Bill Number	Title	Agency
2049 2S HB	Solid waste management	140 Department of Revenue

Agency Preparation: Sara del Moral	Phone: 360-534-1525	Date: 2/6/2024 5:16:38 pm
Agency Approval: Marianne McIntosh	Phone: 360-534-1505	Date: 2/6/2024 5:16:38 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2049 2S HB	Title Solid waste management	Agency 215 Utilities and Transportation Commission
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Kim Anderson	Phone: 360-664-1153	Date: 2/8/2024 4:31:29 pm
Agency Approval: Kim Anderson	Phone: 360-664-1153	Date: 2/8/2024 4:31:29 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2049 2S HB	Title Solid waste management	Agency 461 Department of Ecology
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐ **No Cash Receipts**
☐ **Partially Indeterminate Cash Receipts**
☐ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Packaging Financial Assistance Fee	NEW			5,000,000	5,000,000	5,000,000	5,000,000	3,542,632	4,406,286	5,564,567	6,541,719	40,055,204
Producer Responsibility Organization Fee	23P				825,000							825,000
Producer Responsibility Organization Fee	NEW				1,650,284	1,250,501	1,157,225	893,136	828,342	1,097,350	828,342	7,705,180
Total Producer Responsibility Organization Fee					2,475,284	1,250,501	1,157,225	893,136	828,342	1,097,350	828,342	8,530,180
Total				5,000,000	7,475,284	6,250,501	6,157,225	4,435,768	5,234,628	6,661,917	7,370,061	48,585,384
Biennial Totals					12,475,284	12,407,726		9,670,396		14,031,978		48,585,384

Narrative Explanation (Required for Indeterminate Cash Receipts)

Fees (Sections 104 112, 126, 128, and 214)

Responsible Packaging Management Account (RPMA)

Section 104 (2) would require Ecology to determine an annual fee (for the following year) to be paid by each producer responsibility organization (PRO) to adequately cover Ecology's implementation, administration, and enforcement costs for the chapters created in sections 501 and 502, in addition to the costs of the needs assessment (section 105), and support and facilitation of the advisory council (section 120), by January 31, 2026, and annually thereafter.



Ten-Year Analysis

Bill Number	Title	Agency
2049 2S HB	Solid waste management	461 Department of Ecology

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 103 (6) would require the PRO to submit an annual fee payment by May 1, 2026, and annually thereafter, to cover Ecology's costs for the next fiscal year, as determined in section 104. The May 1, 2026, PRO payment would also include Ecology's contractor costs for the needs assessment.

Ecology assumes the first fee receipt collections would be for FY 2027 (billed in FY 2026). One PRO would be subject to the annual payment to support implementation of the EPR program and the PCRC requirements established in the chapter created in section 502. All receipts would be deposited in the RPMA (section 126), except for the portion of the FY 2027 payment to recover the contractor costs identified in section 105 for the statewide needs assessment would be deposited in the MTCA-Operating Account. Section 104(2)(b) specifies that the workload analysis prepared in January 2026 must include contractor costs in section 105, and that this portion of the fee must be deposited in the account that paid for these costs. Based on this, Ecology assumes that we would recover the contractor costs incurred in FY 2025 and FY 2026 in MTCA-Operating.

Estimated RPMA Revenue

FY 2027: \$1,650,284
FY 2028: \$1,250,501
FY 2029: \$1,157,225
FY 2030: \$893,136
FY 2031: \$828,342
FY 2032: \$1,097,350
FY 2033: \$828,342

Estimated MTCA-Operating Revenue

FY 2027: \$825,000

Packaging Financial Assistance Account (PFAA)

Section 103 (5) would require the PRO to submit the packaging financial assistance fee payment by May 1, 2025, and annually thereafter, to cover Ecology's implementation costs for the financial assistance program as determined in section 112(7).

Section 112(7) would require each PRO to submit to Ecology a \$5 million packaging financial assistance fee each year by May 1, 2025, and annually through 2028. On May 1, 2029, and annually thereafter, each PRO would submit to Ecology four percent of the three-year average annual expenditures, excluding this fee, for the packaging financial assistance program.



Ten-Year Analysis

Bill Number	Title	Agency
2049 2S HB	Solid waste management	461 Department of Ecology

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Narrative Explanation (Required for Indeterminate Cash Receipts)

In coordination with DOR, we assume the average PRO program startup costs, based on a similar program in B.C., is \$90 million a year. The ongoing operational costs would increase beginning in 2029 and the fee would increase proportionately. For fiscal note purposes, the anticipated receipts are shown the same fiscal year as incurred expenditures.

Ecology assumes the first fee receipt collections for the financial assistance program would be collected on May 1, 2025 (FY 2025) to fund Ecology's development of the packaging financial assistance program beginning in FY 2026. All receipts received by Ecology under section 112(7) would be deposited in the Packaging Financial Assistance Account (PFAA) for implementing and administering section 112(7).

Estimated PFAA Revenue

FY 2026: \$5,000,000
FY 2027: \$5,000,000
FY 2028: \$5,000,000
FY 2029: \$5,000,000
FY 2030: \$3,542,632
FY 2031: \$4,406,286
FY 2032: \$5,564,567
FY 2033: \$6,541,719

Agency Preparation: My-Hanh Mai	Phone: 360-742-6931	Date: 2/8/2024 5:31:02 pm
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 2/8/2024 5:31:02 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2049 2S HB	Title Solid waste management	Agency 468 Environmental and Land Use Hearings Office
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Dominga Soliz	Phone: 3606649173	Date: 2/8/2024 1:08:27 pm
Agency Approval: Dominga Soliz	Phone: 3606649173	Date: 2/8/2024 1:08:27 pm
OFM Review:	Phone:	Date: