

ASSEMBLY BILL

No. 2612

Introduced by Assembly Member Maienschein

February 20, 2020

An act to amend Section 39719 of the Health and Safety Code, relating to greenhouse gases, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 2612, as introduced, Maienschein. Greenhouse Gas Reduction Fund: recycling: appropriation.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation. Existing law continuously appropriates 35% of the annual proceeds of the fund for transit, affordable housing, and sustainable communities programs, 25% of the annual proceeds of the fund for certain components of a specified high-speed rail project, and 5% of the annual proceeds of the fund, up to the sum of \$130,000,000 annually, until June 20, 2030, for transfer to the Safe and Affordable Drinking Water Fund.

This bill, beginning in the 2020–21 fiscal year, would continuously appropriate \$100,000,000 from the fund annually to the Department of Resources Recycling and Recovery for in-state organic waste recycling projects that reduce greenhouse gas emissions and achieve certain organic waste disposal goals, as specified. The bill, beginning in the

2020–21 fiscal year, would also continuously appropriate \$100,000,000 from the fund annually to the department for in-state recycling projects that reduce greenhouse gas emissions and help achieve a specified state policy relating to solid waste, as specified.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

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

3 (1) It is the policy goal of the state that not less than 75 percent
4 of solid waste generated be source reduced, recycled, or composted
5 by the year 2020. However, the state’s recycling rate has dropped
6 from 50 percent in 2007 to 44 percent in 2017.

7 (2) Exacerbating this challenge, beginning in 2018, the China
8 National Sword policy further restricted the export and sale of
9 recycled commodities, setting much stricter standards on
10 contamination and banning the sale of bales of mixed commodities,
11 like mixed-paper and mixed-plastics commodities, resulting in a
12 2018 statewide recycling rate of 40 percent, a rate California has
13 been far above since the year 2000.

14 (3) The state is facing a recycling crisis, with high rates of
15 contamination of collected recycled materials. To regain any value
16 from the millions of tons of collected materials, recycling facilities
17 must expand and upgrade their operations, resulting in higher
18 processing costs to recover a lower volume of clean material that
19 ultimately has a lower resale value, despite meeting a higher
20 standard. At the same time, recycling facilities spend more moneys
21 to receive lower revenue for recyclable commodities, and more
22 material is being landfilled instead of recycled. This is directly
23 related to the closure of nearly 1,000 recycling centers in the state
24 since 2013, with more closures expected.

25 (4) Organic waste is the state’s largest source of methane and
26 black carbon emissions, which are two of the most damaging
27 climate pollutants and also harm respiratory and cardiovascular
28 health.

29 (5) Recycling organic waste is a priority for the state, which led
30 the state to establish aggressive targets to reduce organic waste
31 disposal in landfills and methane emissions produced from organic

1 waste. However, California lacks sufficient infrastructure to meet
2 those targets. The Department of Resources Recycling and
3 Recovery (CalRecycle) estimates that the total cost to implement
4 the statewide organic waste regulations established pursuant to
5 Chapter 395 of the Statutes of 2016 is approximately \$40 billion.

6 (6) These recent developments clearly demonstrate an immense
7 gap between private sector investment and our significant need
8 for in-state infrastructure to collect, transfer, process, clean, and
9 sell both recyclable commodities and materials that are now
10 considered organic waste. Tens of billions of dollars are needed
11 to place our state on a trajectory to meet our aggressive, but
12 critically needed, climate, environmental, quality of life, and health
13 and safety goals.

14 (7) Many new proven technologies can address these major
15 challenges, and the Legislative Analyst’s Office has consistently
16 reported, most recently in 2016, that funding for recycling and
17 organic waste management is the most cost-effective method for
18 reducing greenhouse gas emissions—as low as \$4 per ton of
19 greenhouse gas emissions reduced—while having the co-benefits
20 of reducing other air pollutants and short lived climate pollutants,
21 creating green jobs, and causing other improvements.

22 (8) Developing local infrastructure and domestic markets for
23 recycled materials benefits the environment and the state’s
24 economy and is critical due to the loss of access to foreign markets.
25 Successfully achieving California’s ambitious recycling and climate
26 change goals requires partnerships and commitments from the
27 state, local governments, the waste and recycling industry, and
28 recycling and organic waste project developers. This bill provides
29 critically needed seed funding to offset economic forces that create
30 strong headwinds against such partnerships and commitments.

31 (b) It is the intent of the Legislature that this bill do all of the
32 following:

33 (1) Improve California’s statewide recycling infrastructure to
34 achieve the state’s greenhouse gas emission and solid and organic
35 waste reduction goals established by Chapter 395 of the Statutes
36 of 2016, Chapter 727 of the Statutes of 2014, and Chapter 476 of
37 the Statutes of 2011.

38 (2) Improve existing, and create new, solid and organic waste
39 recycling infrastructure to enable the state to better and more
40 effectively manage, reuse, and recycle its waste stream in state

1 and to create additional jobs in the solid waste, recycling, and
2 manufacturing sectors.

3 (3) Assist local governments in implementing their solid and
4 organic waste programs to achieve the state’s greenhouse gas
5 emission and solid and organic waste reduction goals.

6 SEC. 2. Section 39719 of the Health and Safety Code is
7 amended to read:

8 39719. (a) The Legislature shall appropriate the annual
9 proceeds of the fund for the purpose of reducing greenhouse gas
10 emissions in this state in accordance with the requirements of
11 Section 39712.

12 (b) To carry out a portion of the requirements of subdivision
13 (a), the annual proceeds of the fund are continuously appropriated
14 for the following:

15 (1) Beginning in the 2015–16 fiscal year, and notwithstanding
16 Section 13340 of the Government Code, 35 percent of the annual
17 proceeds of the fund are continuously appropriated, without regard
18 to fiscal years, for transit, affordable housing, and sustainable
19 communities programs as follows:

20 (A) Ten percent of the annual proceeds of the fund is hereby
21 continuously appropriated to the Transportation Agency for the
22 Transit and Intercity Rail Capital Program created by Part 2
23 (commencing with Section 75220) of Division 44 of the Public
24 Resources Code.

25 (B) Five percent of the annual proceeds of the fund is hereby
26 continuously appropriated to the Low Carbon Transit Operations
27 Program created by Part 3 (commencing with Section 75230) of
28 Division 44 of the Public Resources Code. Moneys shall be
29 allocated by the Controller, according to requirements of the
30 program, and pursuant to the distribution formula in subdivision
31 (b) or (c) of Section 99312 of, and Sections 99313 and 99314 of,
32 the Public Utilities Code.

33 (C) Twenty percent of the annual proceeds of the fund is hereby
34 continuously appropriated to the Strategic Growth Council for the
35 Affordable Housing and Sustainable Communities Program created
36 by Part 1 (commencing with Section 75200) of Division 44 of the
37 Public Resources Code. Of the amount appropriated in this
38 subparagraph, no less than 10 percent of the annual proceeds of
39 the fund shall be expended for affordable housing, consistent with
40 the provisions of that program.

1 (2) Beginning in the 2015–16 fiscal year, notwithstanding
2 Section 13340 of the Government Code, 25 percent of the annual
3 proceeds of the fund is hereby continuously appropriated to the
4 High-Speed Rail Authority for the following components of the
5 initial operating segment and Phase I Blended System as described
6 in the 2012 business plan adopted pursuant to Section 185033 of
7 the Public Utilities Code:

8 (A) Acquisition and construction costs of the project.

9 (B) Environmental review and design costs of the project.

10 (C) Other capital costs of the project.

11 (D) Repayment of any loans made to the authority to fund the
12 project.

13 (3) (A) Beginning in the 2020–21 fiscal year, and until June
14 30, 2030, 5 percent of the annual proceeds of the fund, up to the
15 sum of one hundred thirty million dollars (\$130,000,000), is hereby
16 annually transferred to the Safe and Affordable Drinking Water
17 Fund established pursuant to Section 116766 for the purposes of
18 Chapter 4.6 (commencing with Section 116765) of Part 12 of
19 Division 104.

20 (B) Moneys transferred under this paragraph shall be used for
21 the purpose of facilitating the achievement of reductions of
22 greenhouse gas emissions in this state in accordance with the
23 requirements of Section 39712 or to improve climate change
24 adaptation and resiliency of disadvantaged communities or
25 low-income households or communities, consistent with Division
26 25.5 (commencing with Section 38500). For purposes of the
27 moneys transferred under this paragraph, a state agency may also
28 comply with the requirements of paragraphs (2) and (3) of
29 subdivision (a) of Section 16428.9 of the Government Code by
30 describing how each proposed expenditure will improve climate
31 change adaptation and resiliency of disadvantaged communities
32 or low-income households or communities.

33 (4) (A) *Beginning in the 2020–21 fiscal year, notwithstanding*
34 *Section 13340 of the Government Code, one hundred million*
35 *dollars (\$100,000,000) is hereby continuously appropriated from*
36 *the fund, without regard to fiscal years, to the Department of*
37 *Resources Recycling and Recovery for in-state organic waste*
38 *recycling projects that reduce greenhouse gas emissions and*
39 *achieve the organic waste disposal goals established in Section*
40 *39730.6.*

1 (B) Fifty percent of the funds appropriated pursuant to this
 2 paragraph shall be used to provide financial assistance for in-state
 3 organic waste processing and recycling activities, which may
 4 include, but are not limited to, the construction of new, or the
 5 modification or expansion of existing, facilities and to support the
 6 in-state processing, reuse, and recycling of organic waste,
 7 including, through the production or application of compost, the
 8 production of soil amendments, in-vessel digestion, food waste
 9 prevention, and edible food recovery.

10 (C) Fifty percent of the funds appropriated pursuant to this
 11 paragraph shall be allocated by the Department of Resources
 12 Recycling and Recovery to local agencies as grants for activities
 13 directly related to organic waste management and implementation
 14 of Chapter 13.1 (commencing with Section 42652) of Part 3 of
 15 Division 30 of the Public Resources Code.

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

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

37 (C) Of the funds appropriated pursuant to this paragraph, ten
 38 million dollars (\$10,000,000) shall be made available as grants
 39 to cities and counties for beverage container recycling and litter
 40 cleanup activities.

1 (c) In determining the amount of annual proceeds of the fund
2 for purposes of the calculation in subdivision (b), the funds subject
3 to Section 39719.1 shall not be included.

4 (d) *For purposes of this section, both of the following definitions*
5 *apply:*

6 (1) *“Financial assistance” includes, but is not limited to, grants,*
7 *incentive payments, low-interest loans, loan loss reserves, interest*
8 *rate reductions, loan guarantees, or other credit enhancements.*

9 (2) *“Local agency” means a city, county, city and county,*
10 *district, or other local governmental agency that provides solid*
11 *waste handling services.*

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