

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: SB 582 - A21**

81st Oregon Legislative Assembly – 2021 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

Prepared by: Haylee Morse-Miller  
Reviewed by: Laurie Byerly, Michelle Deister, Matt Stayner, John Terpening, John Borden, Paul Siebert  
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**Measure Description:**

Establishes producer responsibility program for packaging, printing and writing paper and food serviceware.

**Government Unit(s) Affected:**

Cities, Department of Administrative Services (DAS), Special Districts, Metro, Oregon Department of Transportation (ODOT), Oregon Parks and Recreation Department (OPRD), Department of Environmental Quality (DEQ), Department of Justice (DOJ), Counties

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:**

	<b>2021-23 Biennium</b>	<b>2023-25 Biennium</b>
Other Funds	2,066,088	4,476,504
<b>Total Funds</b>	<b>\$2,066,088</b>	<b>\$4,476,504</b>
Positions	7	10
FTE	4.50	10.00

**Analysis:**

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SB 582 - A21 directs the Department of Environmental Quality (DEQ) to take various actions to help modernize Oregon’s recycling system, including approval and oversight of producer responsibility organizations. Producer responsibility organizations must first submit program plans to DEQ no later than March 31, 2024 and must implement plans no later than July 1, 2025.

The Environmental Quality Commission (EQC) is directed to set a one-time producer responsibility program plan review fee, as well as an annual producer responsibility organization fee, to be paid to DEQ for the costs of implementing and administering this measure. EQC is also to establish a waste prevention and reuse fee which is to be charged to producer responsibility organizations. This fee may not exceed 10 percent of the three-year average of the organization’s annual expenditures, and must be reasonably calculated to support waste prevention and reuse programs. Funds are to be used by DEQ to establish a program to reduce environmental impacts of covered products through grants or loans. This measure establishes a Producer Responsibility Fund and a Waste Prevention and Reuse Fund, both separate and distinct from the General Fund with moneys continuously appropriated to DEQ for the purposes outlined above.

DEQ is directed to establish statewide recycling contamination reduction goals, and to evaluate the cost-effectiveness of different methods for reducing contamination. DEQ is to provide a written report to the interim committees of the Legislative Assembly related to the environment every four years, on the effectiveness of the contamination reduction program elements. DEQ is also directed to issue disposal site permits for commingled recycling processing facilities on or after a date established by the Environmental Quality Commission (EQC).

Under this measure, DEQ is directed to conduct the following studies:

- A statewide needs assessment to determine local interest in expanding collection options and recycling depots, with a process for local governments to request and commit to providing additional services, no later than July 1, 2023;
- Equity in Oregon’s recycling system, with the results of the study and recommendations reported to the interim committees of the Legislative Assembly related to the environment no later than September 15, 2024; and,
- A statewide needs assessment of challenges in recycling for residents of multifamily housing, with results and recommendations reported to the interim committees of the Legislative Assembly related to the environment no later than September 15, 2024.

DEQ is also directed to contract with an independent organization to conduct studies on:

- The costs to commingled recycling processing facilities of removing and disposing of contaminants; and,
- An estimate of the average eligible processing cost to process commingled recycling at commingled recycling facilities.

The measure also establishes the Oregon Recycling System Advisory Council, to advise DEQ and producer responsibility programs. The Council is to report to the interim committees of the Legislative Assembly related to the environment no later than September 15 of each even-numbered year, on recommendations made.

Additionally, this measure establishes the Truth in Labeling Task Force to study and evaluate misleading claims about recyclability of products. The task force is to submit a final report and recommendations for legislation to the interim committees of the Legislative Assembly related to the environment no later than June 1, 2022. Task force support is to be provided by DEQ. The task force sunsets on December 31, 2022.

The measure outlines responsibilities of local governments and commingled recycling processing facilities, and sets goals for the statewide plastic recycling rate. The measure requires DEQ to establish a program or approve a program established by a third party to certify commingled recycling facilities outside of Oregon, and to establish procedures for facilities to evaluate levels of inbound contamination. DEQ is directed to develop a uniform statewide collection list. DEQ is provided with certain enforcement capabilities, and may issue civil penalties with all penalties received to be paid into the Waste Prevention and Reuse Fund.

As there is no stated effective date for this measure, it is assumed to take effect on January 1, 2022.

DEQ estimates that this measure will require approximately \$2,066,088 Other Funds and seven positions (4.50 FTE) in 2021-23, and \$4,476,504 Other Funds and 10 positions (10.00 FTE) in 2023-25. Major cost drivers in 2021-23 and 2023-25 include rulemaking, oversight of producer responsibility organizations, staffing the Oregon Recycling System Advisory Council and Truth in Labeling Task Force, oversight of recycling processing facilities, establishment of the statewide collection list, and tracking recovery goals and contamination reduction. This measure includes numerous other requirements which will take effect after the 2023-25 biennium and so are beyond the scope of this fiscal; there may be additional costs to the agency in future biennia that are not captured here.

DEQ anticipates that all costs related to this measure would be paid for with Other Funds, but if sufficient Other Funds revenues are not available, General Fund backfill may be required. Because fees under this program will not be collected until March 2024, when producer responsibility organization program plans are first received, DEQ plans to use Solid Waste permitting fees to fund initial program activities. These funds will be loaned from the Materials Management Program and will be paid back once other program fees are established.

In 2021-23, DEQ estimates Personal Services costs of \$898,548 Other Funds, which include six permanent, full-time positions, and one limited duration, full-time position:

- One Principal Executive Manager - E (PEM - E, 0.75 FTE in 2021-23) to oversee the Materials Management Product Stewardship section;
- One Operations and Policy Analyst 3 (OPA 3, 0.75 FTE in 2021-23) to lead producer responsibility program planning and development of fees;
- One Office Specialist 2 (OS 2, 0.75 FTE in 2021-23) to provide administrative support;
- One Natural Resources Specialist 4 (NRS 4, 0.50 FTE in 2021-23) to oversee recycling program implementation, including work on recycling collection requirements, the statewide collection list, and educational resources;
- Two Operations and Policy Analyst 2s (OPA 2, each 0.50 FTE in 2021-23) to develop administrative procedures, perform research, coordinate studies, and support the Oregon Recycling System Advisory Council; and,
- One limited duration OPA 3 (0.75 FTE in 2021-23) to lead the rulemaking processes and coordinate the Truth in Labeling Task Force.

In addition to the positions included above, DEQ would hire four new permanent, full-time Natural Resource Specialist 3 positions (NRS 3, each 1.00 FTE) in 2023-25. Three of these positions would provide regional support to local governments, while the other position would implement new solid waste permitting requirements. Total Personal Services costs in 2023-25 are estimated at \$1,934,704 Other Funds.

Services and Supplies costs are estimated at \$1,167,540 Other Funds in 2021-23, and \$2,541,800 in 2023-25. The 2021-23 costs are related to research and program development; contractor support for creating recycling processing facility permitting and certification programs; conducting the multifamily needs assessment; the equity study; and DOJ costs and research for the Truth in Labeling task force. The 2023-25 costs are related to continuing program development; research and pilot testing for anti-contamination programming; completing the multifamily needs assessment and equity studies; and contractors for conducting the contamination management and processor commodity risk fee studies. Costs for both biennia also include position-related Services and Supplies.

These positions and funding are included in the DEQ 2021-23 Governor's Budget in Policy Option Package 131 (Modernizing Oregon's Recycling System), with the exception of the PEM-E. This position replaces a Program Analyst 4 position that was included in the Package. There are also minor differences in funding levels contained in the Policy Option Package and this fiscal for 2021-23.

#### *Other state agencies*

There is no or minimal impact for Cities, Counties, Special Districts, Metro, Oregon Parks and Recreation Department, Department of Justice, Oregon Department of Transportation, and Department of Administrative Services (DAS). This measure does direct DAS, with DEQ, to study and assess state procurement practices as they relate to recycled materials no later than May 15, 2024; DEQ currently has a staff person dedicated to doing an analysis of DAS procurement practices and sustainability, so neither agency would require additional resources to perform this work.