



February 27, 2024

Chair Sollman, Vice Chair Findley and members of the committee

Circular Action Alliance (CAA) is submitting written testimony on HB 4013. We are submitting this testimony at the request of the chair to explain the effect HB 4013 would have on the financing of the Recycling Modernization Act (RMA) system.

CAA is a national nonprofit Producer Responsibility Organization (PRO) dedicated to implementing extended producer responsibility (EPR) laws for paper and packaging in the United States. CAA is the approved PRO in California, Colorado and Maryland, and will be submitting a Program Plan to be considered as a PRO to fulfill the producer obligations under the RMA in Oregon.

CAA has been deeply engaged in the rulemaking process over the past two years and remains engaged with DEQ and the stakeholders throughout the state as the rulemaking process continues. CAA has assembled a team in Oregon that is working on the early implementation phases of the program in conjunction with developing the first program plan that is due to DEQ on March 31, 2024. That work has entailed collaborating with local governments, their service providers, other collection programs in the state and community-based organizations that provide recycling services. We are working to develop a system that builds on the existing infrastructure while enhancing the system in a way that meets the objectives of the RMA to optimize recycling services for all Oregonians.

As part of our program plan development, our team is working on forecasting the costs of the producer responsibility system. This includes anticipating the investments needed in the current system that will drive increased recovery and quality of recycled materials, delivering services that enhance access, and offering education so Oregonians know where all of their recycling options exist and to ensure they recycle right. The cost of all of these activities is factored into the cost model that all producers of covered packaging will be required finance.

In the program plan due in March, CAA will be offering preliminary cost estimates for each packaging category. Given the data challenges, these estimates will need to be refined leading



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up to the submission of the revised plan in September. Each packaging and material type has its own considerations and costs that need to be accounted for. All producers will be made aware of the preliminary schedule of fee rate ranges when the program plan is officially submitted to DEQ. These ranges will require further refinement as data inputs improve.

Glass, as a PRO acceptance list material in the RMA, is a material that CAA will be fully responsible for managing collection and processing costs as of July 1, 2025.

As written, HB 4013 creates a situation where CAA would be required to create two cost models for glass producers – one in which wine producers share the cost of glass recycling and one where they do not. Furthermore, CAA will not know which of these scenarios is in effect until a year after the program starts on July 1, 2026. By our estimation, wine bottles comprise 40%, or more, of the glass packaging that CAA will be responsible for managing as of July 1, 2025.

If wine bottles are included in the state bottle bill by July 1, 2026, wine producers would not be obligated to provide any RMA funding for the first year of the program meaning the cost of glass recycling, including the cost of managing wine bottles, would need to be covered by fees applied to remaining non-wine producers that supply glass packaging. Those glass producers would subsidize, through increased RMA fees, the cost of recycling glass wine bottles. In this scenario, CAA estimates that the cost to the non-wine glass producers left funding the system would be significantly higher and potentially could be double the cost versus having wine included in the system.

After the first year, if wine producers were to stay in the EPR system, they would be required to pay back their financial obligation for that first year. This would create a scenario where CAA is tasked with performing a recalculation of cost for all producers in the second year, effectively managing two fee schedules for two glass producer categories. In the third year, there would be an additional recalculation required for glass producers to bring them all back into a single fee schedule.

If HB 4013 is not adopted, CAA will move forward with a single initial fee schedule for all glass producers, and ensure a seamless program start with harmonized messaging for Oregonians. If wine glass packaging at any point moves from the EPR bill to the bottle deposit system, their funding and volumes would be removed from the RMA system. CAA would work with wine producers and the OBRC to adopt whatever transitional arrangements are necessary to ensure that wine and other glass packaging producers are treated fairly and that the net effect on covered glass producers would be minimal in terms of unfair cost allocations.

We hope this explanation is helpful and look forward to any further questions the members of the committee may have.



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