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FISCAL NOTE

Drafting Number: LLS 20-0309
Prime Sponsors: Sen. Priola; Story Rep. Cutter

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Bill Status: Senate Business
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Bill Topic: INCENTIVIZE DEVELOPMENT RECYCLING END MARKETS

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

This bill requires the development of a structure and governance recommendation for a recycling market development center; provides for property tax reimbursements for recyclers; and requires a recycling study and a statewide recycling education campaign. It will increase state expenditures on an ongoing basis.

Appropriation Summary: For FY 2020-21, the bill requires an appropriation of \$985,283 to the Department of Public Health and Environment. Additional funding is from a continuously appropriated cash fund. See the State Appropriations section for more information.

Fiscal Note Status: The fiscal note reflects the introduced bill, which was recommended by the Zero Waste and Recycling Interim Study Committee.

Table 1
State Fiscal Impacts SB 20-055

Table with 3 columns: Category, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditures (Cash Funds, Centrally Appropriated, Total), Total FTE, Transfers, and TABOR Refund.

Summary of Legislation

This bill creates a number of incentives and strategies to promote recycling and to develop recycling end markets as described below.

Recycling Market Development Center. The bill requires the Pollution Prevention Advisory Board to recommend to the Department of Public Health and Environment (CDPHE) a structure and governing guidance for a recycling market development center (center). The advisory board is required to collaborate with stakeholders identified in the bill to review what other states have done and to explore public and private funding for the center. The advisory board is required to report to the General Assembly by July 1, 2021.

Personal property tax reimbursements. The bill authorizes the Pollution Prevention Advisory Board in consultation with the Pollution Prevention Advisory Board Assistance Committee in the CDPHE to develop a formula for reimbursing a new or existing business that reclaims or recycles recyclable materials for locally assessed personal property taxes paid on new or existing waste diversion operations. Reimbursements for eligible recycling businesses located on the Front Range may be paid from the Front Range Waste Diversion Cash Fund, while businesses outside the Front Range may be paid from the Recycling Resources Economic Opportunity (RREO) Fund.

Recycling studies. The CDPHE is required study the feasibility of requiring the manufacturers or retailers of consumer products to accept their products, including packaging, for recycling. Reports summarizing the findings of the studies are due to the House Health and Insurance Committee, the House Energy and Environment Committee, the Senate Health and Human Services Committee, and the Senate Transportation and Energy Committee by September 1, 2021.

Statewide recycling education campaign. Beginning October 1, 2020, the CDPHE is required to administer a statewide campaign to educate residents on recycling. The campaign will include social media, television and radio public service announcements, and written materials distributed to public locations. The CDPHE will consult with local governments and private agencies that offer recycling programs and may contract with one or more public or private entities for preparation of the campaign materials.

Background

Front Range Waste Diversion Enterprise. The enterprise was created in the CDPHE by Senate Bill 19-192 to promote waste diversion in the counties of Adams, Arapahoe, Boulder, Douglas, Elbert, El Paso, Jefferson, Larimer, Pueblo, Teller, and Weld, and the cities and counties of Broomfield and Denver. The enterprise is funded by an increase in solid waste user fees effective January 1, 2020. The enterprise administers a grant program and is governed by a 13-member board of directors. The enterprise is currently being established and expected to begin soliciting grant applications in 2020. The Front Range Waste Diversion Cash Fund is continuously appropriated to the enterprise.

The Recycling Resources Economic Opportunity Program. The RREO Program was created in 2007, to promote waste diversion, recycling, recycling markets, the beneficial use of discarded materials, and other recycling-related activities. Grants and rebates are available to businesses, local governments, nonprofit organizations, and schools and universities to address these issues.

State Expenditures

This bill will increase state expenditures by \$1.8 million and 2.1 FTE in FY 2020-21 and \$1.4 million and 1.2 FTE in FY 2021-22 and future years from the RREO Fund and the Front Range Waste Diversion Cash Fund to the CDPHE. These costs are shown in Table 2 and explained below.

**Table 2
Expenditures Under SB 20-055**

Cost Components	FY 2020-21	FY 2021-22
Department of Public Health and Environment		
Personal Services	\$121,290	\$69,309
Operating Expenses	\$2,835	\$1,620
Capital Outlay Costs	\$12,400	-
Grant Software License	\$1,460	\$1,460
Property Tax Reimbursements	\$1,000,000	\$1,000,000
Center Design Study	\$25,000	-
Producer Responsibility Study	\$50,000	-
TV and Radio Spot Production	\$30,000	-
TV and Radio Media Buys	\$135,000	\$30,000
Design Online and Social Media Ads	\$20,000	-
Online and Social Media Campaign	\$72,000	\$16,000
Printing	\$10,000	-
Travel	\$5,298	-
Centrally Appropriated Costs*	\$340,667	\$250,427
Total	\$1,825,950	\$1,368,816
Total FTE	2.1 FTE	1.2 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Recycling market development center structure and governing guidance. The CDPHE requires 0.5 FTE in FY 2020-21 and FY 2021-22 to support the Pollution Prevention Advisory Board in collaborating with stakeholders, facilitating stakeholder meetings, and developing recommendations on center structure and governing guidance. This staff person will also contract for and oversee a study on the experience of other states creating recycling market development centers. The fiscal note estimates a cost of \$25,000 for the study based on a comparable study conducted around construction and demolition waste diversion.

Producer responsibility study. The CDPHE requires 0.2 FTE in FY 2020-21 and 0.1 FTE in FY 2021-22 to draft a request for proposal, evaluate responses, issue the contract, monitor the contract, and review the final report for the producer responsibility study. Based on a study previously contracted by the CDPHE on the economics of recycling in Colorado, the study is expected to cost \$50,000.

Business personal property tax reimbursements. The CDPHE requires 0.5 FTE in FY 2020-21 and 0.4 FTE in FY 2021-22 to develop a reimbursement application process for businesses and begin processing reimbursements. Besides standard operating costs, the CDPHE requires specialized grant management software to implement the bill. The fiscal note assumes that administrative costs will be split equally between the RREO Cash Fund and Front Range Waste Diversion Cash Fund, and that \$1,000,000 in reimbursements to businesses will be issued annually beginning in FY 2020-21. Because the reimbursements will reduce the funding available for RREO loans, existing RREO staff may be used to process reimbursements.

Statewide recycling education campaign. The CDPHE requires 0.9 FTE in FY 2020-21 and 0.2 FTE in FY 2021-22 to administer the statewide recycling education campaign. Costs for the campaign include the production of TV and radio spots and media buys to air those spots and costs associated with the online and social media campaign. Staff will administer and oversee the media contracts, consult with local governments and private entities that recycle, provide in-person presentations to communities, provide technical assistance to local governments and organizations to ensure the most effective use of media assets and communication messages, and evaluate the effectiveness of the campaign.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$340,667 in FY 2020-21 and \$250,427 in FY 2021-22.

Local Government

Because funding from the Front Range Diversion Enterprise and the RREO Program will be used for personal property tax reimbursements, grant funding to local governments may decline.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2020-21, the bill requires a cash fund appropriation of \$985,283 from the Recycling Resources Economic Opportunity Fund to the CDPHE.

Because the Front Range Waste Diversion Cash Fund is continuously appropriated, no appropriation is required for those expenditures.

State and Local Government Contacts

Agriculture
Higher Education
Local Affairs
Economic Development
Revenue

Counties
Information Technology
Municipalities
Public Health and Environment