

DATE: July 22, 2008

PROPOSAL TITLE:

What is the problem?

Lack of Business Incentives to encourage manufacturers to utilize recycled raw materials as their feedstock. Many areas of the state do not have the incentive to bring recycled materials to market either through incomplete recycling infrastructure(rural areas of the state) or there is not the economic incentive to market those materials(demand, transportation issues). Incentives to increase markets for recycled goods should, in theory, increase the demand. There is also a secondary benefit in attracting the kinds of businesses to the state of WA that we would like to attract(Manufactures who use recycled materials). This increase “Green Collar” jobs and adds to the economy.

Jobs Associated with Existing Recycling Activities

Not only does Washington’s recycling industry prevent greenhouse gas emissions, it also provides employment for more than 3,000 people. Table 2 shows the jobs related to four main categories of recyclers in 2001. The table does not include employment associated with all manufacturing in the state.

Table 1. Jobs Associated with Recycling Industry in Washington State, 2001¹

Type of company	Full time employees
Collector/Hauler	1,740
Transporter	95
Final-stage processor	618
Manufacturer	1,167
Total Employment	3,620

What are the target materials? (i.e. carpet, packaging, paper, food, organics, etc.)

Metals, paper, glass, plastics, potentially wood and compostable materials, rubber

What is the potential for reduction in green house gas emissions (tons)?

GHG Savings

GHG Savings Associated with Existing Recycling Activities

According to a 2001 survey of Washington’s recycling industry, almost 2 million tons of recycled materials are re-manufactured each year in the state.² If manufacturers were to use virgin materials in place of these recycled materials, the equivalent of 8 million metric tons of CO₂ would be emitted into the atmosphere. Table 1 shows the tons of recycled materials re-manufactured in Washington in 2001 and their associated greenhouse gas savings.

Table 2. Recycled Materials used in Manufacturing in Washington State, 2001

Material ³	Annual Tons ⁴	GHG Emissions Avoided (metric tons CO ₂ eq)
Wood	227,937	460,433
Glass	33,327	18,996

¹ From “Summary Report of the 2001 Survey of Washington State’s Recycling Industry”

² “Summary Report of the 2001 Survey of Washington State’s Recycling Industry”

³ This table only includes those materials for which the EPA WARM model provides emissions factors and are relevant to this study.

⁴ From “Summary Report of the 2001 Survey of Washington State’s Recycling Industry”

Metal	486,955	1,696,937
Paper	1,040,805	5,823,814
Plastic	10,021	21,498
Rubber	1,100	2,255
TOTAL	1,800,145	8,023,932

Source: Summary Report of the 2001 Survey of WA State's Recycling Industry

Projected GHG Savings from Additional Recycling

Based on industry interviews and research, it is unclear exactly how much additional recycled feedstock manufacturers will use as a result of the proposed bill. However, even a small increase in using recycled materials will decrease GHG emissions. Table 3 shows the GHG reductions that would occur from a 1%, 5%, and 10% increase in recycled material use above the 2001 tonnages shown in Table 1. A 1% statewide increase would result in 80,000 tons fewer GHG emissions. A 10% increase would lower GHG emissions by more than 800,000 tons.

Table 3. Greenhouse Gas Savings as a Result of Increased Recycling in Washington State⁵

Material⁶	GHG Emissions Avoided (metric tons of CO₂eq)		
	1% Increase	5% Increase	10% Increase
Wood	4,604	23,022	46,043
Glass	190	950	1,900
Metal	16,969	84,847	169,694
Paper	58,238	291,191	582,381
Plastic	215	1,075	2,150
Rubber	23	113	226
Total	80,239	401,197	802,393

What action is needed (specifically)?

A bill similar to HB 1950 giving a B & O tax reduction to manufacturers who utilize a minimum percentage of recycled feedstock in their manufacturing process. An additional incentive can be awarded on a sliding scale for higher rates.

What mechanism should be used to put the action in place (legislation, executive order, regulations, policies, etc.)?

Legislation

⁵ Based on tonnages from "Summary Report of the 2001 Survey of Washington State's Recycling Industry"

⁶ This table only includes those materials for which the EPA WARM model provides emissions factors and are relevant to this study.

Is the proposal ready to proceed? (i.e. can the deliverable be delivered Sept 1? What is the current stage of development)?

A draft bill is already written giving credit for a minimum 50% recycled feedstock. The only options would be what additional commodities should be included, the minimum % recycled content, and if additional credit should be granted for additional percentage

Affected parties and likely positions: How feasible is it in terms of support/opposition?

The bill was presented to the legislature with moderate interest. The legislators contacted said that their interest would be increased if there was public interest. Manufacturers who use recycling materials as feedstock would be interested as would the general recycling public

If this proposal is adopted and is implemented:

Who will be responsible to implement?

State Taxing authority

How will it be implemented?

B & O tax system

When will it be implemented?

Upon passage of legislation