

## **BILL ANALYSIS**

Senate Research Center  
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C.S.S.B. 649  
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Natural Resources & Economic Development  
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Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 2015, the legislature passed H.B. 2763, which directed the Texas Commission on Environmental Quality (TCEQ) to study the current and potential economic impacts of recycling in the state. The study showed a significant increase in the processing of recyclables in 2015 compared to 2013. Texas, however, still saw 13.4 million tons of recyclable material sent to landfills. This material constituted 43 percent of the total tons of waste generated and disposed of in Texas.

The act of recycling incorporates a broad range of activities that have a positive impact on the Texas economy. After a consumer uses and appropriately discards a recyclable material, it is collected, sorted, processed, and sold to end markets. All of this is done with the intent to prepare it for use as a future feedstock for manufacturing. The study showed that more than 17,000 persons directly and indirectly were employed by the recycling industry in 2015. What's more, the overall impact of recycling municipal solid waste on the Texas economy exceeded \$3.3 billion in 2015.

Three of the most important issues identified in the study were lack of end-use manufacturers in Texas, cost prohibitive shipping costs to distant manufacturers, and the need for public education. The Solid Waste Act of 1989 directed and empowered the State to assist with market development and provide public education. Nevertheless, neither action has been carried out to a significant extent, and both have become necessary due to the recent global crash in the market value of recyclables caused by the China Sword embargo and because recyclables in Texas are averaging a 25 percent contamination rate.

C.S.S.B. 649 thus would require the TCEQ, in conjunction with the Texas Economic Development and Tourism Office, to produce a Market Development Plan to stimulate the use of recyclable materials as feedstock in processing and manufacturing. Executing this plan would include contact with existing end-use manufacturers in Texas that use recyclables as feedstock, ascertaining their capacity and identifying barriers to growth. The plan also would outline a state strategy to reduce or eliminate these barriers, to encourage manufacturers to increase their use of recyclable feedstock, and to incentivize prospective manufactures to locate in Texas and create Texas jobs.

The bill also would require these entities to deliver an overarching public education program to help keep contaminants out of recycling and thereby increase the value of Texas recyclables. The program additionally would emphasize the important economic impact and benefits of recycling in our state.

C.S.S.B. 649 amends current law relating to promotion of the use of recyclable materials as feedstock for processing and manufacturing.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

## **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter B, Chapter 361, Health and Safety Code, by adding Section 361.0152, as follows:

Sec. 361.0152. STIMULATE USE OF RECYCLABLE MATERIAL. (a) Defines "manufacturer," "principal processor," and "recyclable material" for purposes of this section.

(b) Provides that this section does not apply to ferrous or nonferrous metals recycled by a metal recycling entity as defined by Section 1956.001 (Definitions), Occupations Code.

(c) Requires the Texas Commission on Environmental Quality (TCEQ), in cooperation with the Texas Economic Development and Tourism Office, to produce a plan to stimulate the use of recyclable materials as feedstock in processing and manufacturing.

(d) Requires the plan to identify and estimate certain information regarding recyclable materials and recommend certain methods, means, and processes that could be used to increase the use of recyclable materials.

(e) Prohibits the plan from requiring a generator, collector, or processor of recyclable materials to ship to or use a particular processing or manufacturing facility.

(f) Requires TCEQ, to the extent practicable in preparing the plan, to use methodologies and information derived from other recycling economic studies already performed.

(g) Requires TCEQ to update the plan every four years, and in a year in which the plan is updated, requires the plan be included in the annual summary of municipal solid waste management produced by the municipal solid waste permits section of TCEQ and delivered to the governor and legislature.

(h) Requires TCEQ, in cooperation with other state agencies, including the Office of the Governor (governor's office), to develop an education program intended for the public that is required to include:

(1) the economic benefits of recycling, including job creation, economic impact, percent of total municipal and industrial solid waste recycled, weight and volume of municipal and industrial solid waste recycled, and taxes and fees paid by the recycling industry;

(2) a spotlight of collectors and processors of recyclable materials and manufacturers based in this state that are using recyclable materials as feedstock; and

(3) the detrimental effects of contamination in the recyclable materials stream and the need to reduce those effects.

(i) Requires TCEQ to update the education program required by Subsection (h) at least every four years.

(j) Authorizes TCEQ to enter into contracts with public, private, and nonprofit organizations to produce the plan required by Subsection (c) and the education program required by Subsection (h).

SECTION 2. (a) Requires TCEQ and the Texas Economic Development and Tourism Office, not later than September 1, 2020, to prepare and deliver to the governor and the Municipal Solid

Waste Management and Resource Recovery Advisory Council a progress report on the initial plan and education program required under Section 361.0152, Health and Safety Code, as added by this Act.

(b) Requires TCEQ and the Texas Economic Development and Tourism Office, not later than September 1, 2021, to complete and make publicly available the initial plan and implement the education program required under Section 361.0152, Health and Safety Code, as added by this Act.

SECTION 3. Provides that the Texas Economic Development and Tourism Office in the governor's office and TCEQ are required to implement Sections 361.0152(c)-(g), Health and Safety Code, as added by this Act, only if the legislature appropriates money specifically for that purpose. Authorizes, but does not require, the Texas Economic Development and Tourism Office in the governor's office and TCEQ, if the legislature does not appropriate money specifically for that purpose, to implement those provisions of this Act using other appropriations available for that purpose.

SECTION 4. Effective date: upon passage or September 1, 2019.