

Senate Finance

SB21-180 Recycling & Composting Enterprise Grant Program
Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
<p>Jan Douglas Against Colorado Sierra Club</p>	<p>SB21-180, Recycling and Composting Enterprise Grant Program Senate Finance Committee April 22, 2021</p> <p>Senator Pettersen and Committee,</p> <p>I am Jan Douglas, co-chair of the Legislative Committee of the Colorado Sierra Club. I represent the more than 100,000 active members and supporters of the Sierra Club in Colorado.</p> <p>We thank Senator Priola for bringing Senate Bill 180 this year. It does begin to acknowledge the responsibility of businesses to package their products in materials that may be recycled, composted or reused. The poor waste diversion rate in Colorado cannot be solved only by encouraging consumers to deal responsibly with packaging and other goods at the end of their use. However, we will not be able to lend our support for this bill this year.</p> <p>In 2020, the Colorado Legislature passed SB20-055 to help grow recycling programs statewide. One part of that legislation called for CDPHE to study Extended Producer Responsibility Programs in other states, to engage stakeholders and to develop EPR policy recommendations for Colorado by July of 2021. The Colorado Sierra Club feels that we should wait for those policy recommendations which will apply to the recycling, composting and reuse of all materials in the waste system, rather than prematurely carving out policies for a select, limited type of package as SB 180 does.</p> <p>We support new policies which will prioritize and fund waste reduction and reuse, will require upstream changes in the production of packaging which is compliant with recovery systems, will have a timeline which will result in 100% reusable, recyclable or compostable packaging by 2025, and which will focus on improved market demand for recycled products.</p> <p>The Colorado Sierra Club looks forward to working with Senator Priola, the house sponsors and other advocates for Extended Producer Responsibility to help craft such legislation in the future.</p>
<p>Ari Kaufman For Self</p>	<p>Hi my name is Ari Kaufman I currently go to Ricks Center for Gifted Children on the DU campus. I part of my schools yearly traditions include growing a garden. Which I regularly help out with. From a young age I</p>

	<p>have always been interested in gardening and the environment a member of the youth I believe that Colorado needs to take as many steps as possible towards a cleaner more eco-friendly future. I think this bill should pass not only because it helps Colorado but it also invites other states to follow along in our fight against climate change. Thank you for your time.</p>
<p>Ron Bennett Against Self</p>	<p>Dear Senate Finance Committee members,</p> <p>My name is Ron Bennett, I reside in Boulder and am writing today to urge you to vote NO on SB21-180 Recycling and Composting Enterprise Grant Program.</p> <p>The CDPHE should be given a chance to complete its evaluation on the effectiveness of existing programs – due this July – prior to establishing any enterprise, study or other “fixes” to current composting and recycling efforts.</p> <p>Instead of proposing new ways to deal with the tremendous quantities of plastic in the waste stream, let’s find ways to reduce plastics in food and product packaging. The burden of plastics waste should be borne by product and packaging producers, not consumers and municipalities that are left “holding the bag” under a mountain of waste.</p> <p>An Extended Producer Responsibility (EPR) policy for all packaging will drive innovation in product and packaging design toward 100% recyclable, compostable or reusable packaging that is necessary for overall waste reduction.</p> <p>Requiring manufacturers to utilize recycled content in their packaging will boost the market demand for recycled content, reinforcing a circular, sustainable materials economy.</p> <p>Thank you for taking the time to consider my testimony and for voting NO on SB21-180.</p> <p>Ron Bennett Boulder, CO</p>

SB21-180: Recycling and Composting Enterprise Grant Program

Analysis of Economic Efficacy

The views in this paper are solely the responsibility of the author and should not be interpreted as reflecting the views of the University of Colorado System.

SB21-180 creates an enterprise within the Colorado Department of Public Health and Environment dedicated to recycling and composting infrastructure. This enterprise would be empowered to disburse grants to waste diversion operations across Colorado and would be funded by fees imposed on food service packaging sold in Colorado. SB21-180 also requires the Solid and Hazardous Waste Commission to regularly calculate food service packaging diversion rates throughout the State and perform an assessment of the Colorado's recycling and composting infrastructure.

SB21-180 will help increase recycling and composting across Colorado, which will provide environmental and social benefits to Coloradans. However, the scope of SB21-180 is limited and the revenue generation scheme it employs is less effective in furthering the bill's aims than it could be. Legislators should amend the revenue generation scheme in SB21-180, and additionally consider more comprehensive legislation to address the environmental externalities of human activity currently not internalized in the market.

Why should government care about recycling and composting?

Recycling and composting are in the public interest because of the impact they have on improving public sanitation and ameliorating human environmental impact. In both of these areas, the private market fails to allocate resources efficiently, providing a clear economic mandate for government intervention.

Improving Public Sanitation

Left to their own devices, private actors have little incentive to dispose of their waste in socially responsible way. A private actor cares only whether their waste is cleared away from them, and not whether it is piling up in public areas, contributing to the spread of disease, or polluting the environment. By regulating where and how solid waste can be disposed (and sometimes providing such disposal service itself) government ensures that private actors dispose of their waste in a responsible manner and allows society at large to reap the benefits of effective solid waste management.

Recycling and composting can be an important part of a comprehensive solid waste management program. Such programs employ a variety of waste disposal strategies to achieve high-quality and cost-effective waste disposal. In Colorado, 84 percent of municipal solid waste is sent to landfills (CDPHE, 2019). Landfills are often perceived as being the most cost-effective means for waste disposal, but can contaminate groundwater, permanently and irrevocably occupy otherwise useable land, depress property values, and are limited by finite capacities. There is also concern that the comparatively low costs of landfills are realized by not fully internalizing the costs landfills impose, and by failing to properly account for the perpetual service and monitoring of landfills into the future (Tammemagi, 1999).

Incineration is another common waste disposal method, especially in jurisdictions where space for landfills is less plentiful. In Colorado, little waste is currently incinerated, and only four such facilities exist in the state (CDPHE, 2020). Compared to landfills, incineration is usually more costly, although these costs are often offset partially by electricity generation. Incineration also releases pollutants into the atmosphere and can harm public health and depress property values, thereby increasing the society's cost (Eco-Cycle, Inc., 2011).

Recycling and composting can be competitive complements to these prevailing methods of waste disposal. By diverting some waste from landfills, landfill capacity can be preserved, and the potential harms to public wellbeing imposed by landfills can be minimized. However, recycling and composting are not

complete substitutes for other waste disposal methods. The extent to which they can be a cost-effective complement depends on the market prices for recycled and composted material, which can fluctuate significantly.

Ameliorating Human Environmental Impact

Recycling and composting have clear environmental advantages compared to other means of solid waste disposal. Both limit the release of greenhouse gases and preserve natural resources. These benefits accrue to society broadly but depend on the extent to which private actors choose to recycle and compost. Because those private actors are unable to realize the full benefit of their actions, they tend to recycle and compost less than what would be optimal for society at large. Government intervention into these markets can ensure that recycling and composting is requisitioned at the socially optimal level.

Particularly significant is the ability of recycling and composting to minimize greenhouse gas emissions. Waste disposal by landfill creates significant amounts of methane, a highly potent greenhouse gas generated when organic material is decomposed in a confined environment without oxygen (Lindeberg, 2017). Such emissions accumulate in the atmosphere and cause changes within the planet's climate, which leads to increased temperatures and incidence of drought, changes in precipitation patterns, sea level rise, stronger hurricanes, and more (NASA, n.d.).

Composting takes the same organic material, but allows it to decompose with oxygen, creating carbon dioxide, a greenhouse gas which is twenty-five times less potent than methane (Lindeberg, 2017). Additionally, composting generates a soil additive that can be used in agriculture to improve soil structure and aid in carbon sequestration and reduce the amount of greenhouse gases in the atmosphere (University of California - Davis, 2019).

Recycling generally generates fewer greenhouse gas emissions than manufacture of virgin material. However, this is dependent upon what material is being recycled, how the recycled material is handled, and the emissions that would be associated with manufacturing future products with virgin material instead of using recycled material (Bjorklund & Finnveden, 2004). Recycling can also generate positive environmental externalities by lessening the depletion of natural resources for virgin inputs. While this benefit is difficult to quantify precisely, the environmental degradation caused by resource extraction is significant and includes deforestation, pollution, loss of biodiversity, and more.

Does SB21-180 provide effective government intervention?

SB21-180 seeks to improve the rate at which solid waste is recycled and composted by two primary instruments: subsidizing recycling and composting operations through a grant program and imposing greater costs on the purchase of disposable food service packaging.

The first policy instrument is likely to have a positive impact on increasing waste diversion rates in Colorado. By reducing the costs associated with recycling and composting, private actors are more likely to allocate waste disposal service at a socially optimal and efficient level. However, the scope of the grant program is limited, and these subsidies are not tied to the variable conditions of the waste disposal market. Should society require more or less subsidy to reach the socially optimal level of waste diversion, the proposed enterprise is ill-equipped to respond.

The second policy instrument is effective as a means of revenue generation for the grant program, but the fees imposed on food service packaging do not provide an effective incentive to recycle and compost more. Food service packaging is responsible for only a small share of municipal solid waste (its precise share of the waste stream is not known) yet is the only waste input that would be subject to these fees. Additionally, SB21-180 does not distinguish between food service packaging made from recycled materials versus virgin ones, and thus provides no incentive for producers to source recycled material. A more effective scheme would fund the grant program by providing a bona fide financial disincentive against the purchase of virgin material or the disposal of organic material into landfills.

SB21-180 also requires an assessment of the State's recycling and composting infrastructure and the periodic calculation of the diversion rates for food service packaging in Colorado. These provisions are well intentioned, however the focus on food service packaging is too narrow. The bill should be amended to require the regular assessment of diversion rates across all categories of divertible municipal solid waste.

Conclusions and Recommendations

Existing government regulation and intervention in the waste disposal market has already allowed society to realize the benefits of widespread public sanitation. Municipal solid waste generated in Colorado today is largely disposed of in a way that protects the public's health, ensures the cleanliness of cities, and prevents the outbreak of disease. Government may wish to further incentivize recycling and composting in this sector as a means to reduce reliance on landfills, but otherwise little additional government intervention in the market for public sanitation is merited.

Much more government attention is needed to allow society to realize the benefits of reduced greenhouse gas emissions and reduced natural resource extraction. These issues are broad in scope and cannot be adequately addressed by focusing merely on the waste disposal market. More effective government regulation would create a comprehensive framework to internalize the negative environmental and social costs of greenhouse gas emissions and natural resource depletion. While these are beyond the scope of this analysis, legislators should consider implementing a cap-and-trade scheme or carbon tax to combat greenhouse gas emissions, and further regulate the extraction of natural resources in order to better allow society to internalize the cost of their depletion.

SB21- 180 will help to increase the rate at which Colorado recycles and composts, which will provide environmental and social benefits to society at large. Legislators should consider amending the legislation's revenue generation scheme and scope of diversion rate assessment and should also consider broader legislation to further address the environmental impacts of human activity.

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