

- 2) Additional one-time costs of at least \$150,000 for CalRecycle to re-open its SB 1383 procurement regulations, which would require CalRecycle to go through the full Administrative Procedure Act process (Cost of Implementation Account).

COMMENTS:

- 1) **Purpose.** According to the author:

As jurisdictions ramp up their organic waste collection programs, many cities and counties have struggled to meet their procurement targets due to a limited amount of organic waste infrastructure across the state. In some cases, purchasing compost from within state borders and delivering it to a jurisdiction can require trucking compost hundreds of miles, unnecessarily increasing vehicle miles traveled and ratepayer costs. CalRecycle acknowledges that the state still needs approximately 50-100 new or expanded facilities for the successful implementation of SB 1383 and that it can take years to site and permit new facilities. While jurisdictions wait for in-state compost facilities to get sited and permitted, AB 573 will help local jurisdictions in meeting procurement requirements by allowing California-derived material processed at existing out-of-state compost facilities to count towards procurement, which will both reduce vehicle miles traveled and potential financial impacts on ratepayers.

- 2) **Background.** According to the CalRecycle, about 40 million tons of waste were disposed of in California's landfills in 2021. Organics like food scraps, yard trimmings, paper, and cardboard make up half of what is dumped in landfills. SB 1383, among other things, set methane emissions reduction targets in an effort to reduce emissions of short-lived climate pollutants. The targets must reduce organic waste disposal 50% by 2020 and 75% by 2025 from the 2014 level.

To achieve these goals, California's waste management infrastructure will need to recycle much higher quantities of organic materials, involving significant investments in additional processing infrastructure. According to CalRecycle, the state needs approximately 50 to 100 new or expanded facilities to annually recycle the additional 20 million to 25 million tons of organic waste that will be collected from residents and commercial businesses with the successful implementation of SB 1383. To ensure there are adequate markets for the state's increasing quantities of products made from organic waste, SB 1383 requires a local jurisdiction to annually procure a certain quantity of recovered organic waste products to meet its annual procurement target assigned to it by CalRecycle. The procurement targets are based on the average amount of organic waste generated by Californians annually multiplied by the population of a jurisdiction. CalRecycle's regulations require jurisdictions to meet the procurement targets by purchasing materials from in-state organic waste processors. While many jurisdictions are able to use in-state organic waste processing facilities, some ship materials out-of-state for processing. Many rural areas, for example, are closer to facilities across state lines than they are to California-based processors. Organic waste is heavy, and therefore expensive to transport, making it economically infeasible for these jurisdictions to ship to distant in-state facilities. Additionally, California does not yet have sufficient capacity to process all the material generated in-state.

This bill allows a local jurisdiction, until 2039, to meet its organic waste procurement targets by purchasing recovered organic waste products from out-of-state facilities. This bill limits this procurement allowance to California-derived products and to the amount of organic waste material the jurisdictions sends out-of-state. These limitations ensure jurisdictions meet procurement targets not by using material produced from organic waste generated in other states but, instead, by purchasing finished organic waste products produced from material generated within the jurisdiction. The sunset date on this bill allows time for the state's organic waste processing infrastructure to develop and encourage local jurisdictions to procure from in-state facilities when it becomes feasible to do so. On the other hand, state policy and regulations are designed to encourage the development of in-state organic infrastructure and markets, and this bill could potentially undermine those policy goals.

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