

## ASSEMBLY THIRD READING

AB 573 (Garcia)

As Amended May 18, 2023

Majority vote

**SUMMARY**

Allows local jurisdictions to comply with the state's recovered organic waste procurement requirements by procuring California-derived organic waste products processed at out-of-state facilities.

**Major Provisions**

- 1) Authorizes a local jurisdiction, until December 1, 2039, to procure California-derived organic waste that the local jurisdiction sends for processing to an operation or facility located outside the state that processes compostable materials to meet the state's organic waste product procurement requirements.
- 2) Requires that the out of state operation or facility meet the following requirements:
  - a) It has been in operation since on or before January 1, 2022;
  - b) It has been appropriately permitted in the jurisdiction in which it is located;
  - c) It provides all information to the local jurisdiction needed to allow it to comply with the appropriate recordkeeping requirements, as specified; and,
  - d) It is located within 125 miles of the jurisdiction from which the material originated.
- 3) Specifies that the amount of a local jurisdiction's procurement requirement is limited to the amount of California-derived recovered organic waste that the local jurisdiction sent outside the state for processing.

**COMMENTS**

An estimated 35 million tons of waste are disposed of in California's landfills annually. More than half of the materials landfilled are organics subject to SB 1383 (Lara), Chapter 395, Statutes of 2016, requirements. CalRecycle's 2021 waste characterization study, found that 34% of disposed waste is organic waste. SB 1383 requires the ARB to approve and implement a comprehensive Short Lived Climate Pollutant strategy to achieve, from 2013 levels, a 40% reduction in methane, a 40% reduction in hydrofluorocarbon gases, and a 50% reduction in anthropogenic black carbon, by 2030. In order to accomplish these goals, the bill specified that the methane emission reduction goals include targets to reduce the landfill disposal of organic waste 50% by 2020 and 75% by 2025 from the 2014 level.

In order to achieve these goals, California's waste management infrastructure is going to have to recycle much higher quantities of organic materials, involving significant investments in additional processing infrastructure. Organic waste is primarily recycled by composting the material, which generates compost that can be used in gardening and agriculture as a soil amendment and engineering purposes for things like slope stabilization. Anaerobic digestion is also widely used to recycle organic wastes. This technology uses bacteria to break down the

material in the absence of oxygen and produces biogas, which can be used as fuel, and digestate, which can also be used as a soil amendment. Tree trimmings and prunings can also be mulched.

In order to ensure that there are adequate markets for the state's increasing quantities of products made from organic waste, like much, compost, and digestate, CalRecycle established procurement requirements for jurisdictions. The procurement targets are based on the average amount of organic waste generated by Californians annually multiplied by the population of a jurisdiction. Currently, the regulations require that the procurement targets be met 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 of the material generated in-state.

This bill would allow local jurisdictions, until 2039, to meet the state's organic waste procurement targets by purchasing recovered organic waste products from out-of-state facilities located within 125 miles. This bill limits this procurement allowance to California-derived products and to the amount of organic waste material that the jurisdictions sends out-of-state. These limitations ensure that procurement targets will not be met using material produced from organic waste generated in other states. Instead, it allows jurisdictions to essentially purchase finished organic waste products produced from material generated within the jurisdiction. The sunset on this bill is intended to allow 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.

### **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.

### **Arguments in Support**

A coalition of supporters state:

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 several years – and even sometimes a decade – 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 their SB 1383 procurement targets by allowing jurisdictions near the state border to purchase California-derived compost processed at existing out-of-state facilities.

### Arguments in Opposition

None on file

## FISCAL COMMENTS

According to the Assembly Appropriations Committee on a prior version of this bill

- 1) CalRecycle estimated costs of approximately \$1.2 million in fiscal year (FY) 2024-25 and ongoing to hire eight additional positions to provide technical assistance to jurisdictions, review records, and inspect out-of-state facilities to ensure jurisdictions are using compliant material to count towards their procurement goals (Cost of Implementation Account). CalRecycle noted out-of-state inspection could be complicated and costly, and this cost could increase exponentially depending on the number of facilities and frequency of inspections (potentially monthly). CalRecycle noted the need for inspections is based on existing SB 1383 (Lara), Chapter 395, Statutes of 2016, requirements to ensure only quality material counts toward procurement in the state. Amendments limit the bill to out-of-state facilities that are located within 125 miles of the jurisdiction from which the material originated, which should significantly lower CalRecycle's costs.
- 2) CalRecycle estimates additional one-time costs of at least \$150,000 to re-open its SB 1383 procurement regulations to incorporate the changes proposed in this bill (Cost of Implementation Account).

## VOTES

### ASM NATURAL RESOURCES: 11-0-0

**YES:** Luz Rivas, Flora, Addis, Friedman, Hoover, Mathis, Muratsuchi, Pellerin, Ward, Wood, Zbur

### ASM APPROPRIATIONS: 11-0-5

**YES:** Holden, Bryan, Calderon, Wendy Carrillo, Mike Fong, Hart, Lowenthal, Papan, Pellerin, Weber, Ortega

**ABS, ABST OR NV:** Megan Dahle, Dixon, Mathis, Robert Rivas, Sanchez

## UPDATED

VERSION: May 18, 2023

CONSULTANT: Elizabeth MacMillan / NAT. RES. / (916) 319-2092

FN: 0000779