
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2023 - 2024 Regular Session

AB 573 (Garcia) - Organic waste: meeting recovered organic waste product procurement targets

Version: July 13, 2023

Urgency: No

Hearing Date: August 14, 2023

Policy Vote: E.Q. 7 - 0

Mandate: No

Consultant: Ashley Ames

Bill Summary: This bill would authorize local jurisdictions to procure California-derived organic waste products that are processed at out-of-state facilities in order to comply with the state's recovered organic waste procurement requirements.

Fiscal Impact:

- The Department of Resources Recycling and Recovery (CalRecycle) estimates ongoing costs of about \$1.2 million (Cost of Implementation Account [COIA]) for 8 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. In addition, CalRecycle estimates one-time costs of at least \$150,000 (COIA) to re-open organic waste procurement regulations.
- The California Air Resources Board anticipates any costs would be minor and absorbable.

Background: Organic material accounts for more than a third of California's waste stream: food waste alone accounts for approximately 18% of landfilled material, and yard waste accounts for another seven percent of the total waste stream. Organic waste is not only a high volume problem in landfills--it also has an oversized impact on climate. According to CalRecycle, methane emissions from decomposing organic waste in landfills account for approximately 20% of the State's total methane emissions. Methane is a climate "super pollutant" that is 84 times more potent than carbon dioxide over a 20-year timescale.

Organic Waste and Methane Emission Reduction Goals (SB 1383 Regulations). In 2016, the Legislature passed SB 1383 (Lara, Chapter 395, Statutes of 2016), which established emission reduction targets for short-lived climate pollutants including hydrofluorocarbon gasses, anthropogenic black carbon, and methane. SB 1383 required CARB to approve and implement a comprehensive short-lived climate pollutant strategy that included a 2030 target of reducing methane emissions by 40% relative to 2014 levels. In order to achieve these reductions in methane emissions, SB 1383 set a goal of reducing landfill disposal of organic waste from 2014 levels 50% by 2020 and 75% by 2025; and to rescue at least 20% of currently disposed of surplus food for meals by 2025. CalRecycle was given the authority to adopt regulations that would achieve these organic waste reduction requirements.

Creating a strong market for organic materials is an important step in diverting that same organic waste from landfills. To develop markets for organic waste products, like mulch, compost, and digestat, CalRecycle has established organic waste procurement

requirements for jurisdictions through SB 1383 regulations. The procurement targets are based on the average amount of organic waste generated by Californians annually, multiplied by the population of a jurisdiction.

To meet their SB 1383 goals, locals must ensure that the organic materials they procure meets all processing requirements laid out in regulations, including requirements that processing facilities measure and report data on their recovery rates to CalRecycle. As a result, CalRecycle currently only counts organic waste towards SB 1383 procurement targets if that organic material is processed at an in-state, not an out-of-state, facility.

Current trajectory falling short of state goals. California is behind on its organic waste reduction targets. While the state's goal is to reduce organic material in landfills by 50 percent relative to 2014 levels in 2020, the total amount of organic materials actually increased by a million tons over that time period. According to a report by the Little Hoover Commission, California is unlikely to meet its 2025 goals, noting that: "Even if state estimates of increased processing capacity are met, California is likely to be short of the necessary capacity by approximately 8 million tons a year. For reasons of both cost and time, the state is highly unlikely to add sufficient capacity by 2025." To date, more than a hundred local jurisdictions have sought an extension of the deadline for complying with the state's requirement.

Proposed Law: This bill would authorize local jurisdictions to procure California-derived organic waste products that are processed at out-of-state facilities in order to comply with the state's recovered organic waste procurement requirements. Specifically, this bill would:

1. Authorize a local jurisdiction, until December 1, 2031, to send California-derived organic waste to an out-of-state facility for processing for purposes of reaching SB 1383 targets.
2. Require that the out-of-state operation or facility meet the following requirements:
 - a. It has been in operation since 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; and
 - d. It limits the processing capacity of that operation or facility to the capacity available as of January 1, 2022.
3. Exclude rural jurisdictions that have already been granted a waiver through CalRecycle from their SB 1383 organic waste collection requirements.
4. Specify 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.

Related Legislation:

AB 1985 (R. Rivas, Chapter 344, Statutes of 2022) provides an exemption for rural jurisdictions and authorizes CalRecycle to create a delayed and ramping enforcement

timeline for penalties for rural local jurisdictions to meet their organic waste procurement targets.

SB 613 (Laird, Chapter 508, Statutes of 2021) pushed back the timeline for penalties for local jurisdictions that have not complied with SB 1383 requirements until January 1, 2023.

Staff Comments: CalRecycle estimates this bill would result in ongoing costs of about \$1.2 million based on existing SB 1383 requirements to ensure only quality material is counting towards procurement in the state. CalRecycle notes that out-of-state inspection would likely be complicated, and could result in ongoing costs being higher than estimated. Actual costs would depend on how many out-of-state facilities ultimately end up processing organic waste under the provisions of this bill and how many times CalRecycle inspects each of them. The frequency for inspection could be as often as monthly, according to the department, meaning that CalRecycle would need to inspect each facility many times.

CalRecycle notes that this bill could result in a potential negative economic impact to the state as existing policy and regulations are designed to encourage the development of in-state organic infrastructure and markets. It is possible that allowing out-of-state material could undermine these policy goals.

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