

AMENDED IN ASSEMBLY JULY 1, 2019

AMENDED IN ASSEMBLY JUNE 17, 2019

AMENDED IN SENATE APRIL 29, 2019

AMENDED IN SENATE APRIL 10, 2019

SENATE BILL

No. 667

Introduced by Senator Hueso

February 22, 2019

An act to amend Section 44502 of, and to add Section 44527 to, the Health and Safety Code, and to add Sections 42999.5 and 42999.6 to the Public Resources Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

SB 667, as amended, Hueso. Greenhouse gases: recycling infrastructure and facilities.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as a part of the market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund.

Existing law establishes the CalRecycle Greenhouse Gas Reduction Revolving Loan Program, administered by the Department of Resources Recycling and Recovery, to provide loans to reduce the emissions of greenhouse gases by promoting in-state development of infrastructure to process organic and other recyclable materials into new value-added products.

Existing law requires the department, with additional moneys from the Greenhouse Gas Reduction Fund that may be appropriated to the department, to administer a grant program to provide financial assistance, in the form of grants, incentive payments, contracts, or other funding mechanisms, to reduce the emissions of greenhouse gases by promoting in-state development of infrastructure, food waste prevention, or other projects to reduce organic waste or process organic and other recyclable materials into new, value-added products.

The California Pollution Control Financing Authority Act establishes the California Pollution Control Financing Authority, with specified powers and duties, and authorizes the authority to approve financing for projects or pollution control facilities to prevent or reduce environmental pollution.

This bill would require the department to develop, on or before January 1, 2021, and would authorize the department to amend, a 5-year ~~investment strategy needs assessment to drive support~~ innovation and support technological development and infrastructure, *infrastructure development*, in order to meet specified organic waste reduction and recycling targets, as provided. The bill would require, on or before June 1, 2021, the department, in coordination with the Treasurer and the California Pollution Control Financing Authority, to develop financial incentive mechanisms, including, among other mechanisms, loans and incentive payments, to fund and accelerate public and private capital towards organic waste diversion and recycling infrastructure. The bill would authorize the authority to provide any alternative financing necessary to implement and administer those financial incentive mechanisms for the benefit of public or private participating parties, in accordance with the ~~investment strategy needs assessment~~. The bill would ~~create~~ *establish* the California Recycling Infrastructure Investment Account in the State Treasury, to be administered by the California Pollution Control Financing Authority. The bill would require the Treasurer, in coordination with the department, to coordinate with the States of Nevada, Oregon, and Washington on infrastructure financing to support the recycling needs of the region and to create an advisory stakeholder committee to support development of interstate recycling infrastructure and markets for recyclable materials.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature finds and declares all of the
2 following:

3 (1) Organic waste is a key source of methane emissions, a
4 powerful climate forcer for greenhouse gases and short-lived
5 climate pollutants that significantly impact air quality, public
6 health, and climate change.

7 (2) The state has been a leader in advancing policies that
8 drastically divert organic waste from landfills and recycle it,
9 including by mandating a 40-percent reduction in methane
10 emissions by 2030, compared to 2013 levels.

11 (3) The state is facing a crisis due to international dynamics that
12 have critically impacted our traditional recycling markets.

13 (4) The state, in coordination with the States of Nevada, Oregon,
14 and Washington, requires a stable, multiyear incentive program
15 that leverages private and other additional public funds to build
16 infrastructure to meet the needs of the state's organic waste
17 diversion mandate and recycling market crisis.

18 (b) It is the intent of the Legislature that moneys subsequently
19 appropriated for the Organic Waste Diversion Infrastructure Act
20 of 2019, including, but not limited to, any moneys appropriated
21 from the Greenhouse Gas Reduction Fund, established pursuant
22 to Section 16428.8 of the Government Code, be expended for
23 grants pursuant to Section 42999 of the Public Resources Code,
24 notwithstanding subdivision (a) of Section 42999 of the Public
25 Resources Code, for loans pursuant to Section 42997 of the Public
26 Resources Code, and for financing administered pursuant to Section
27 44527 of the Health and Safety Code.

28 SEC. 2. Section 44502 of the Health and Safety Code is
29 amended to read:

30 44502. It is the purpose of this division to carry out and make
31 effective the findings of the Legislature and to that end to do all
32 of the following, to the mutual benefit of the people of the state
33 and to protect their health and welfare:

34 (a) To provide industry within the state, irrespective of company
35 size, with an alternative method of financing in providing,
36 acquiring, developing, enlarging, or installing facilities for
37 establishing pollution control, providing supplies of clean water,

1 and producing energy from alternative or renewable sources, that
2 are needed to accomplish the purposes of this division.

3 (b) To assist economically distressed counties and cities to
4 develop and implement growth policies and programs that reduce
5 pollution hazards and the degradation of the environment or
6 promote infill development.

7 (c) To assist with the financing of the costs of assessment,
8 remedial planning and reporting, technical assistance, and the
9 cleanup, remediation, or development of brownfield sites, or other
10 similar or related costs.

11 (d) To provide alternative financing for the development of
12 organic waste diversion technologies and infrastructure.

13 SEC. 3. Section 44527 is added to the Health and Safety Code,
14 to read:

15 44527. The authority may provide any alternative financing
16 necessary to implement and administer financial incentive
17 mechanisms, pursuant to Section 42999.6 of the Public Resources
18 Code, for the benefit of public or private participating parties, in
19 accordance with the ~~investment strategy needs assessment~~
20 developed pursuant to Section 42999.5 of the Public Resources
21 Code, including, but not limited to, the funding and administration
22 of financial assistance through mechanisms, such as grants, direct
23 loans, forgivable loans, loan loss reserves, loan guarantees,
24 revolving loan funds, loan participation, and other credit facilities.

25 SEC. 4. Section 42999.5 is added to the Public Resources Code,
26 to read:

27 42999.5. (a) This section and Section 42999.6 shall be known,
28 and may be cited, as the Organic Waste Diversion Infrastructure
29 Investment Act of 2019.

30 (b) The department shall support technology advancement and
31 infrastructure to meet the state's 2025 organic waste reduction
32 target pursuant to Section 39730.6 of the Health and Safety Code
33 and the state's recycling goals pursuant to Section 41780.01.

34 (c) The department shall develop, on or before January 1, 2021,
35 and may amend, a five-year ~~investment strategy needs assessment~~
36 ~~to drive support~~ innovation and ~~support technological development~~
37 ~~and infrastructure; infrastructure development~~, in order to meet
38 the state's 2025 organic waste reduction target pursuant to Section
39 39730.6 of the Health and Safety Code and the state's recycling

goals pursuant to Section 41780.01. The investment strategy *needs* assessment shall ~~do~~ include all of the following:

(1) ~~(A) Set forth a five-year plan for the expenditure of moneys appropriated for purposes of this section. Identification of technology and infrastructure capacity gaps.~~

~~(B) An eligible expenditure may occur over multiple fiscal years.~~

~~(C) The department may make multiyear funding commitments over a period of more than one fiscal year.~~

(2) ~~Assess~~ *Assessment of* the amount of money needed to build the infrastructure necessary to achieve the waste reduction target pursuant to Section 39730.6 of the Health and Safety Code.

(3) ~~Identify~~ *Identification of* priorities and strategies for financial incentive mechanisms to help achieve the organic waste reduction target pursuant to Section 39730.6 of the Health and Safety Code and the state's recycling goals pursuant to Section 41780.01.

SEC. 5. Section 42999.6 is added to the Public Resources Code, to read:

42999.6. (a) On or before June 1, 2021, the department, in coordination with the Treasurer and the California Pollution Control Financing Authority, established pursuant to Section 44515 of the Health and Safety Code, shall develop financial incentive mechanisms, including, but not limited to, loans, incentive payments, credit facilities, pooled bonds, and other financing strategies, to fund and accelerate public and private capital towards organic waste diversion and recycling infrastructure.

(b) (1) There is hereby established in the State Treasury the California Recycling Infrastructure Investment Account, which the California Pollution Control Financing Authority shall administer.

(2) In providing any financial incentives pursuant to this subdivision, the California Pollution Control Financing Authority, in coordination with the department, shall do all of the following:

(A) Ensure that a recipient of a financial incentive or a beneficiary of a financial incentive leverages local, state, federal, and private funding sources to maximize investment in organic waste diversion and recycling infrastructure.

(B) Prioritize projects that have multiple benefits, including, but not limited to, reducing greenhouse gas emissions, increasing solid waste diversion, increasing workforce training and

1 development, reducing collection and recycling costs to local
2 governments, and creating jobs.

3 (C) Prioritize projects that maximize benefits while minimizing
4 negative consequences to disadvantaged communities, as identified
5 pursuant to Section 39711 of the Health and Safety Code, and to
6 low-income communities, as defined in Section 39713 of the Health
7 and Safety Code.

8 (D) Seek to achieve a portfolio approach to funding and
9 financing pursuant to this subdivision that supports a diverse set
10 of projects.

11 (c) The Treasurer, in coordination with the department, shall
12 coordinate with the States of Nevada, Oregon, and Washington
13 on infrastructure financing to support the recycling needs of the
14 region and shall create an advisory stakeholder committee to
15 support development of interstate recycling infrastructure and
16 markets for recyclable materials.