

TESTIMONY TO THE SUNSET ADVISORY COMMISSION June 22, 2022

Chairman Schwertner, and honorable members of the Sunset Advisory Commission, the State of Texas Alliance for Recycling thanks you for this opportunity to submit additional testimony regarding the Texas Commission on Environmental Quality and their critical role in the management of solid waste and recycling in Texas.

The utilization of recyclables as clean industrial feedstock conserves landfill space, helps reduce costs, creates jobs in Texas, is a stabilizing influence against the whims and nuances of international markets and, most emphatically, is supported by State Policy.

The Texas Recycling Market Development Plan (RMDP) which is developed with strong industry support, was not available for review and consideration when TCEQ was publishing its self-evaluation report. Therefore, TCEQ's report to you was unable to include the recommendations of the RMDP.

The RMDP, authorized by SB 649 (87th Legislature), published by the TCEQ in September, 2021 reveals these salient facts; (exclusive of the scrap metal industry):

- Texans are currently recycling 27.5% of our municipal solid waste – a total of 13,000,000 tons per year
- The positive impact to the State's economy is more than 7.8 billion dollars per year
- Recycling based businesses pay more than 250 million dollars in annual state and local taxes and fees
- More than 31,000 Texans are employed full time in the municipal solid waste recycling industry - the same number as in the Petroleum Refining Industry.

As stated in the RMDP, it is estimated that there is an opportunity to increase recycling by 100% and with even just a 20% increase in recycling, Texas would

divert 2,600,000 more waste from landfills while creating at least 5,000 more jobs and contributing a billion dollars more annually to the Texas economy.

The RMDP identified the top barriers to increased recycling in Texas to be: contamination, lack of effective public education and supply-demand chain disconnection. Growth of recycling in Texas is struggling against an institutional ceiling; much of which can be overcome by a modest investment of State funds and Agency commitment.

The Texas Solid Waste Act was promulgated in 1989 -- 33 years ago.

It empowers the TCEQ, in Section 361.011 TAC, to accomplish the purposes of this chapter by controlling all aspects of the management of MSW...by all practical and economically feasible methods” and as codified in Section 361.022 - It is this States’ public policy to promote recycling as a preferred method above landfill disposal.

The TCEQ is the only state agency specifically empowered to pursue these codified responsibilities but TCEQ has historically lacked sufficient funding to accomplish them.

Their self-evaluation report, Chapter 1X – Major Issues #6 – Revenue Shortages in the Waste Management Account 0549, exposes a crisis in available funding. This is the result of consistent siphoning of funds from the 0549 Fund to the State General Fund, effectively defunding the TCEQ and the solid waste management activities of the Councils of Government. It reflects the accumulative effect of diminished available funds as a result of reducing the Landfill Tip Fee Surcharge from \$1.25 to \$0.94 beginning in 2013, an annual loss of almost \$11 million from Account 0549. Subsequently, TCEQ suggests eliminating the 33% share allocated to the COGs for regional solid waste and recycling planning and local government grants. This would yield dire solid waste management consequences for the public health, safety and welfare of Texas. It will be disastrous to bring decades of hard-fought momentum to a screeching halt due to lack of application of funds. Funding is currently available and can be made accessible by actions of the Sunset Advisory Commission, TCEQ, and the legislature. As of the end fiscal year 2021, the Solid Waste Disposal Fee Account balance was \$128.1M.

Section 325, of the Texas Government Code clearly authorizes the Sunset Advisory Commission with the power to redirect the agency and to recommend legislation to enable funding that is essential to its purpose and mission. We implore the Commission to exercise those powers to the benefit of Texas.

We submit that the benefit the State reaps by retaining a balance of more than \$125,000,000 from the Landfill Tip Fee Surcharge in the General Fund would yield larger benefits if a portion of it was wisely invested to support the growth of the recycling industry.

In lieu of that option, we request that you recommend legislation and exercise administrative actions to increase the Landfill Tip Fee surcharge from \$0.94 to \$1.30 per ton disposed (originally \$1.25). This will increase revenue to the 5000 Fund by \$12 million/year above the current \$31 million/year. This 36-cent per ton increase will increase the funds retained by the General Fund and also enable Account 0549 funding for these improvements in the State's recycling system.

To accomplish these purposes, for at least the next decade, we recommend annual funding to include:


- \$2 million for TCEQ staffing and coordination activities relating to the promotion of recycling
- \$6 million for COGs to conduct private/public partnerships to harmonize public recycling education as public confusion is a large contributor to our 25% contamination rate.
- \$500,000 to support the creation and operation of a Recycling Market Development Board, answerable to TCEQ, to guide implementation of the RMDP and increasing the use of recyclables as industrial feedstock.
- \$3,500,000 to support the creation and operation of a Recycling Market Development Center in a State College or University to conduct research and development and other projects as directed by the RMDB.

Texas will be missing tremendous opportunities of benefit to the State in the way of job creation if it does not support and encourage the growth of recycling.

We appreciate this opportunity to submit our testimony and sincerely appeal to you to consider and adopt our recommendations. We stand ready to assist in these endeavors in any manner that is helpful.

Respectfully,

State of Texas Alliance for Recycling



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