

AMENDED IN ASSEMBLY SEPTEMBER 8, 1997

AMENDED IN ASSEMBLY SEPTEMBER 2, 1997

AMENDED IN ASSEMBLY AUGUST 28, 1997

AMENDED IN SENATE MAY 5, 1997

**SENATE BILL**

**No. 1066**

**Introduced by Senator Sher**

*(Coauthor: Assembly Member Honda)*

February 27, 1997

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An act to amend Sections 40001, ~~41820~~, 41821, 41850, 42000, 42005, and 42010 of, to amend and repeal Sections 41785 and 41820 of, to add Sections 40900.1, 41821.6, 42024, and 42241.5 to, and to repeal Section 42242 of, the Public Resources Code, relating to solid waste.

LEGISLATIVE COUNSEL'S DIGEST

SB 1066, as amended, Sher. Solid waste: market development.

(1) Existing law, the California Integrated Waste Management Act of 1989, administered by the California Integrated Waste Management Board, establishes an integrated waste management program. The act requires each city and each county to develop a source reduction and recycling element that includes an implementation schedule that shows how the city or county will divert 25% of all solid waste from landfill or transformation facilities by January 1, 1995, and 50% by January 1, 2000, through source reduction, recycling, and composting activities.

The act authorizes the board to grant a one-year time extension from those diversion requirements, subject to specified conditions, including that the board makes a specified finding of adverse market conditions.

This bill would instead authorize one or more single or multiyear time extensions from the diversion requirements if the city; *or* county, ~~or regional agency~~ makes specified demonstrations to the board.

The bill would require the board in making a decision to grant an alternative source reduction, recycling, and composting requirement to consider specified circumstances.

(2) Existing law requires the board to develop a comprehensive market development plan using existing resources, that will stimulate market demand in the state for postconsumer waste material and secondary waste material generated in the state, including specified goals.

This bill would require the plan to also include efforts to encourage and promote cooperative, regional programs to expand markets for recycled materials, including activities to address problems and opportunities that are unique to rural, urban, and suburban areas of the state.

The bill would require the board to develop a plan, using existing resources, to provide assistance to local agencies when requested, in the implementation of cost-effective programs that provide a quality supply of recycled materials for markets. The bill would also authorize the board to develop a program to increase the use of compost products in agricultural applications, as prescribed.

The bill would require the board, the Trade and Commerce Agency, and the Treasurer to coordinate activities that will leverage financing for market development projects and encourage joint activities to strengthen markets for recycled materials.

The bill would require the board to assist market development efforts by the board, local agencies, and the private sector, to use existing data resources collected from recycling, composting, and disposal facilities, or from other sources, and to provide periodic information on the recovery and availability of recycled materials.



The bill would require the board, not later than September 1, 1998, to submit a report to the Governor and the Legislature that details specified matters regarding regulations and procedures concerning recycling by state agencies.

The bill would make related legislative findings and declarations.

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. Section 40001 of the Public Resources  
2 Code is amended to read:

3 40001. (a) The Legislature declares that the  
4 responsibility for solid waste management is a shared  
5 responsibility between the state and local governments.  
6 The state shall exercise its legal authority in a manner that  
7 ensures an effective and coordinated approach to the safe  
8 management of all solid waste generated within the state  
9 and shall oversee the design and implementation of local  
10 integrated waste management plans.

11 (b) The Legislature further declares that it is the  
12 policy of the state to assist local governments in  
13 minimizing duplication of effort, and in minimizing the  
14 costs incurred, in implementing this division through the  
15 development of regional cooperative efforts and other  
16 mechanisms which comply with this division.

17 (c) The Legislature further declares that market  
18 development is the key to successful and cost-effective  
19 implementation of the 25-percent and 50-percent  
20 diversion requirements required pursuant to Section  
21 41780, and that the state must take a leadership role,  
22 pursuant to Chapter 1 (commencing with Section 42000)  
23 of Part 3, in encouraging the expansion of markets for  
24 recycled products by working cooperatively with the  
25 public, private, and nonprofit sectors.

26 SEC. 2. Section 40900.1 is added to the Public  
27 Resources Code, to read:

28 40900.1. The Legislature hereby further finds and  
29 declares all of the following:



1 (a) It is important to encourage state agencies to plan  
2 and implement programs that will reduce the amount of  
3 solid waste going to disposal facilities through source  
4 reduction, recycling, and composting.

5 (b) Local agencies, other than a host jurisdiction, and  
6 federal agencies should be encouraged to plan and  
7 implement programs that will reduce the amount of solid  
8 waste going to disposal facilities through source  
9 reduction, recycling, and composting.

10 (c) Each state agency shall, to the extent feasible and  
11 within existing budgetary constraints, develop and  
12 implement source reduction, recycling, and composting  
13 programs that will reduce the amount of solid waste going  
14 to disposal facilities. Those programs shall be consistent  
15 with Executive Order W-7-91, which ordered state  
16 agencies to establish recycling programs, reduce paper  
17 waste, purchase recycled products, and implement  
18 measures that minimize the generation of waste.

19 (d) Local, state, and federal agencies generating solid  
20 waste that is sent to a host jurisdiction for disposal should  
21 be encouraged to provide the host jurisdiction with  
22 information on the amount ~~and type of that~~ of solid waste  
23 and regarding any solid waste source reduction,  
24 recycling, or composting programs that have been  
25 implemented by the agency, to assist the host jurisdiction  
26 in developing and implementing the planning  
27 requirements of this division.

28 SEC. 3. Section 41785 of the Public Resources Code is  
29 amended to read:

30 41785. (a) On and after January 1, 1995, and upon the  
31 ~~request of a city, county, or regional agency, the board~~  
32 *request of a city or county, the board* may establish an  
33 alternative source reduction, recycling, and composting  
34 requirement to the 50-percent requirement established  
35 under Section 41780, not to exceed three years unless  
36 another alternative requirement is granted by the board,  
37 if the board holds a public hearing and makes both of the  
38 following findings based upon substantial evidence on the  
39 record:



1     (1) ~~The jurisdiction is effectively implementing~~ *city or*  
2 *county and has made a good faith effort to effectively*  
3 *implement the source reduction, recycling, and*  
4 *composting measures described in its board approved*  
5 *source reduction and recycling element and has*  
6 *demonstrated progress toward meeting the alternative*  
7 *requirement as described in its annual reports to the*  
8 *board and the jurisdiction is city or county has been*  
9 *unable to meet the 50-percent diversion requirement*  
10 *despite implementing those measures.*

11     (2) The alternative source reduction, recycling, and  
12 composting requirement represents the greatest ~~feasible~~  
13 *diversion* amount that the ~~jurisdiction may~~ *city or county,*  
14 *may reasonably and feasibly achieve.*

15     (b) In making the decision whether to grant an  
16 alternative requirement pursuant to subdivision (a) and  
17 in determining the amount of the alternative  
18 requirement, the board shall consider circumstances in  
19 ~~the city, county, or regional agency~~ *city or county* that  
20 support the request for an alternative requirement, such  
21 as waste disposal patterns within the ~~jurisdiction~~ *city or*  
22 *county* and the types of residential and nonresidential  
23 waste disposed by the ~~jurisdiction~~. ~~The jurisdiction~~ *city or*  
24 *county.* *The city or county* may provide the board with  
25 any additional information that the ~~jurisdiction~~ *city or*  
26 *county* determines to be necessary to demonstrate to the  
27 board the need for the alternative requirement.

28     (c) If a ~~jurisdiction~~ *city or county* that requests an  
29 alternative source reduction and recycling requirement  
30 to the 50-percent requirement has not previously  
31 requested an extension pursuant to Section 41820, the  
32 ~~jurisdiction~~ *city or county* shall provide information to  
33 the board that explains why it has not requested an  
34 extension.

35     (d) A ~~jurisdiction~~ *city or county* that has previously  
36 been granted an alternative source reduction, recycling,  
37 and composting requirement may request another  
38 alternative source reduction, recycling, and composting  
39 requirement ~~a~~. A ~~jurisdiction~~ *city or county* that requests  
40 such another alternative requirement shall provide



1 information to the board that demonstrates that the  
2 circumstances that supported the previous alternative  
3 source reduction, recycling, and composting  
4 requirement continue to exist or shall provide  
5 information to the board that describes changes in those  
6 previous circumstances that support another alternative  
7 source reduction, recycling, and composting  
8 requirement. The board shall review the original  
9 circumstances that supported the ~~jurisdiction's~~ city or  
10 county's request, as well as any new information provided  
11 by the ~~jurisdiction~~ city or county that describes the  
12 current circumstances, to determine whether to grant  
13 another alternative requirement. The board may  
14 approve another alternative requirement if the board  
15 holds a public hearing and makes both of the following  
16 findings based upon substantial evidence in the record:

17 ~~(1) The local agency is effectively implementing the~~  
18 *(1) The city or county has made a good faith effort to*  
19 *effectively implement the source reduction, recycling,*  
20 *and composting measures described in its board*  
21 *approved source reduction and recycling element and*  
22 *has demonstrated progress toward meeting the*  
23 *alternative requirement as described in its annual*  
24 *reports to the board.*

25 *(2) The alternative source reduction, recycling, and*  
26 *composting requirement represents the greatest feasible*  
27 *diversion amount the city, county, or city and county may*  
28 *or county may reasonably and feasibly achieve.*

29 *(e) If the board establishes a new alternative*  
30 *requirement or rescinds the existing alternative*  
31 *requirement, the board shall do so at a public hearing and*  
32 *if the board establishes an alternative requirement, it*  
33 *shall make both of the following findings based upon*  
34 *substantial evidence in the record:*

35 ~~(1) The local agency is effectively implementing the~~  
36 *(1) The city or county has made a good faith effort to*  
37 *effectively implement the source reduction, recycling,*  
38 *and composting measures described in its board*  
39 *approved source reduction and recycling element and*  
40 *has demonstrated progress toward meeting the*



1 *alternative requirement as described* in its annual reports  
2 to the board and that the ~~previous alternative diversion~~  
3 requirement is no longer appropriate.

4 (2) The new requirement represents the greatest  
5 ~~feasible amount the city, county, or city and county may~~  
6 *amount of diversion that the city or county may*  
7 *reasonably and feasibly achieve.*

8 (f) (1) No single alternative requirement may be  
9 granted for a period that exceeds three years and, if after  
10 the granting of the original alternative requirement,  
11 another alternative requirement is granted, the  
12 combined period that the original and the new  
13 alternative requirement is in force and effect shall not  
14 exceed a total of five years.

15 (2) Any alternative requirement that is granted prior  
16 to January 1, 2000, shall become effective on January 1,  
17 2000, ~~except that the~~. *The* board shall require any city;  
18 ~~county, or regional agency or county~~ granted an  
19 alternative requirement prior to January 1, 2000, to  
20 comply with this section after the date that the  
21 alternative requirement is granted.

22 (3) No alternative requirement shall be granted for  
23 any period after January 1, 2006, and no alternative  
24 requirement shall be effective after January 1, 2006.

25 (4) No city, ~~county, or regional agency or county~~ shall  
26 be granted an alternative requirement if the city, ~~county,~~  
27 ~~or regional agency or county~~ has failed to meet, on or  
28 before July 1, 1998, the *applicable* requirements of  
29 Chapter 2 (commencing with Section 41000), Chapter 3  
30 (commencing with Section 41300), Chapter 3.5  
31 (commencing with Section 41500), *and* Chapter 4.5  
32 (commencing with Section 41730), ~~and paragraph (1) of~~  
33 ~~subdivision (a) of Section 41780.~~

34 (g) (1) When considering a request for an alternative  
35 source reduction, recycling, and composting  
36 requirement, the board may make specific  
37 recommendations for the implementation of alternative  
38 programs.

39 (2) Nothing in this section precludes the board from  
40 disapproving any request for an alternative requirement.



1 (3) If the board disapproves a request for an  
2 alternative requirement, the board shall specify its  
3 reasons for disapproval.

4 (h) If the board grants an alternative source  
5 reduction, recycling, and composting requirement, the  
6 ~~city, county, or regional agency~~ *or county* may request  
7 technical assistance from the board to assist it in meeting  
8 the alternative source reduction, recycling, and  
9 composting requirement. If requested by the ~~jurisdiction~~  
10 *city or county*, the board shall assist with identifying  
11 model policies and programs implemented by other  
12 jurisdictions of similar size, geography, and demographic  
13 mix.

14 (i) A ~~city, county, or regional agency~~ *or county* that is  
15 granted an alternative requirement pursuant to this  
16 section shall continue to implement source reduction,  
17 recycling, and composting programs, and shall report the  
18 status of those programs in the report required pursuant  
19 to Section 41821.

20 (j) This section shall remain in effect until January 1,  
21 2006, and as of that date is repealed.

22 SEC. 4. Section 41820 of the Public Resources Code is  
23 amended to read:

24 41820. (a) The board may grant one or more, single,  
25 or multiyear time extension from the requirements of  
26 paragraph (2) of subdivision (a) of Section 41780 to any  
27 city, county, or regional agency if the following conditions  
28 are met:

29 (1) Any multiyear extension that is granted does not  
30 exceed three years and a city, county, or regional agency  
31 is not granted extensions that exceed a total of five years.

32 (2) Any extension granted prior to January 1, 2000,  
33 commences on January 1, 2000, ~~except that the~~. *The* board  
34 shall require that any city, county, or regional agency  
35 granted an extension prior to January 1, 2000, complies  
36 with this section after the date that the extension is  
37 granted.

38 (3) No extension is granted for any period after  
39 January 1, 2006, and no extension is effective after January  
40 1, 2006.



1 (4) The board considers the extent to which a city,  
2 county, or regional agency complied with its plan of  
3 correction before considering another extension.

4 (5) No city, county, or regional agency is granted an  
5 extension if that city, county, or regional agency failed to  
6 meet the *applicable* requirements of Chapter 2  
7 (commencing with Section ~~4100~~ 41000), Chapter 3  
8 (commencing with Section 41300), Chapter 3.5  
9 (commencing with Section 41500), Chapter 4.5  
10 (commencing with Section 41730), ~~and paragraph (1) of~~  
11 ~~subdivision (a) of Section 41780 by July 1, 1998.~~

12 (6) The board adopts written findings, based upon  
13 substantial evidence in the record as follows:

14 (A) The city, county, or regional agency is making a  
15 good faith effort to implement the source reduction,  
16 recycling, and composting programs identified in its  
17 source reduction and recycling element.

18 (B) The city, county, or regional agency submits a plan  
19 of correction that demonstrates that the city, county, or  
20 regional agency will meet the requirements of paragraph  
21 (2) of subdivision (a) of Section 41780 before the time  
22 extension expires, includes the source reduction,  
23 recycling, or composting steps the city, county, or  
24 regional agency will implement, a date prior to the  
25 expiration of the time extension when the requirements  
26 of paragraph (2) of subdivision (a) of Section 41780 will  
27 be met, existing programs it will modify, any new  
28 programs that will be implemented to meet those  
29 requirements, and the means by which these programs  
30 will be funded.

31 (b) (1) When considering a request for an extension,  
32 the board may make specific recommendations for the  
33 implementation of alternative programs.

34 (2) Nothing in this section shall preclude the board  
35 from disapproving any request for an extension.

36 (3) If the board disapproves a request for an extension,  
37 the board shall specify its reasons for the disapproval.

38 (c) (1) In determining whether to grant the request  
39 by a city, county, or regional agency for the time  
40 extension authorized by subdivision (a), the board shall



1 consider information provided by the ~~jurisdiction~~ city,  
2 county, or regional agency that describes relevant  
3 circumstances in the ~~jurisdiction~~ city, county, or regional  
4 agency that contributed to the request for extension, such  
5 as lack of markets for recycled materials, local efforts to  
6 implement source reduction, recycling, and composting  
7 programs, facilities built or planned, waste disposal  
8 patterns within the jurisdiction, and the type of  
9 residential and nonresidential waste disposed by the  
10 ~~jurisdiction~~ city, county, or regional agency.

11 (2) The city, county, or regional agency may provide  
12 the board with any additional information that the  
13 jurisdiction determines to be necessary to demonstrate to  
14 the board the need for the extension.

15 (d) If the board grants a time extension pursuant to  
16 subdivision (a), the city, county, or regional agency may  
17 request technical assistance from the board to assist it in  
18 meeting the diversion requirements of paragraph (2) of  
19 subdivision (a) of Section 41780 during the extension  
20 period. If requested by the ~~jurisdiction~~ city, county, or  
21 regional agency, the board shall assist the ~~jurisdiction~~ city,  
22 county, or regional agency with identifying model  
23 policies and programs implemented by other  
24 jurisdictions of similar size, geography, and demographic  
25 mix.

26 (e) This section shall remain in effect only until  
27 January 1, 2006, and as of that date is repealed.

28 SEC. 5. Section 41821 of the Public Resources Code is  
29 amended to read:

30 41821. (a) Each year following the board's approval  
31 of a city, county, or regional agency's source reduction  
32 and recycling element, household hazardous waste  
33 element, and nondisposal facility element, the city,  
34 county, or regional agency shall submit a report to the  
35 board summarizing its progress in reducing solid waste as  
36 required by Section 41780. The annual report shall be due  
37 on or before August 1 of the year following board  
38 approval of the source reduction and recycling element,  
39 the household hazardous waste element, and the  
40 nondisposal facility element, and on or before August 1 in



1 each subsequent year. The information in this report shall  
2 encompass the previous calendar year, January 1 to  
3 December 31, inclusive.

4 (b) Each jurisdiction's annual report to the board shall,  
5 at a minimum, include the following:

6 (1) Calculations of annual disposal reduction.

7 (2) Information on the changes in waste generated or  
8 disposed of due to increases or decreases in population,  
9 economics, or other factors complying with subdivision  
10 (c) of Section 41780.1.

11 (3) A summary of progress made in implementing the  
12 source reduction and recycling element and the  
13 household hazardous waste element.

14 (4) If the jurisdiction has been granted a time  
15 extension by the board pursuant to Section 41820, the  
16 jurisdiction shall include a summary of progress made in  
17 meeting the source reduction and recycling element  
18 implementation schedule pursuant to paragraph (2) of  
19 subdivision (a) of Section 41780 and complying with the  
20 jurisdiction's plan of correction, prior to the expiration of  
21 the time extension.

22 (5) If the jurisdiction has been granted an alternative  
23 source reduction recycling, and composting requirement  
24 pursuant to Section 41785, the jurisdiction shall include a  
25 summary of progress made towards meeting the  
26 alternative requirement ~~implementation schedule~~  
27 ~~pursuant to paragraph (1) of subdivision (a) of Section~~  
28 ~~41780~~ as well as an explanation of current circumstances  
29 that support the continuation of the alternative  
30 requirement.

31 (6) Other information relevant to compliance with  
32 Section 41780.

33 (c) The board shall use, but is not limited to the use of,  
34 the annual report in the determination of whether the  
35 jurisdiction's source reduction and recycling element  
36 needs to be revised.

37 SEC. 6. Section 41821.6 is added to the Public  
38 Resources Code, to read:

39 41821.6. To assist market development efforts by the  
40 board, local agencies, and the private sector, the board



1 shall use existing data resources collected from recycling,  
2 composting, and disposal facilities, or from other sources,  
3 to provide periodic information on the recovery and  
4 availability of recycled materials.

5 SEC. 7. Section 41850 of the Public Resources Code is  
6 amended to read:

7 41850. (a) Except as specifically provided in Section  
8 41813, if, after holding the public hearing and issuing an  
9 order of compliance pursuant to Section 41825, the board  
10 finds that the city, county, or regional agency has failed  
11 to implement its source reduction and recycling element  
12 or its household hazardous waste element, the board may  
13 impose administrative civil penalties upon the city or  
14 county or, pursuant to Section 40974, upon the city or  
15 county as a member of a regional agency, of up to ten  
16 thousand dollars (\$10,000) per day until the city, county,  
17 or regional agency implements the element.

18 (b) In determining whether or not to impose any  
19 penalties, or in determining the amount of any penalties  
20 imposed under this section, including any penalties  
21 imposed due to the exclusion of solid waste pursuant to  
22 Section 41781.2 which results in a reduction in the  
23 quantity of solid waste diverted by a city, county, or  
24 regional agency, the board shall consider only those  
25 relevant circumstances which have prevented a city,  
26 county, or regional agency from meeting the  
27 requirements of this division, including the diversion  
28 requirements of paragraphs (1) and (2) of subdivision (a)  
29 of Section 41780, including, but not limited to, all of the  
30 following:

31 (1) Natural disasters.

32 (2) Budgetary conditions within a city, county, or  
33 regional agency which could not be remedied by the  
34 imposition or adjustment of solid waste fees.

35 (3) Work stoppages which directly prevent a city,  
36 county, or regional agency from implementing its source  
37 reduction and recycling element or household hazardous  
38 waste element.

39 (4) The impact of the failure of federal, state, and  
40 other local agencies located within the jurisdiction to



1 implement source reduction and recycling programs in  
2 the jurisdiction ~~and~~ on the host jurisdiction's ability to  
3 meet the requirements of paragraph (2) of subdivision  
4 (a) of Section 41780.

5 (c) In addition to the factors specified in subdivision  
6 (b), the board shall consider all of the following:

7 (1) (A) The extent to which a city, county, or regional  
8 agency has made good faith efforts to implement its  
9 source reduction and recycling element or household  
10 hazardous waste element.

11 (B) (i) For the purposes of this paragraph, "good faith  
12 efforts" means all reasonable and feasible efforts by a city,  
13 county, or regional agency to implement those programs  
14 or activities identified in its source reduction and  
15 recycling element or household hazardous waste  
16 element, or alternative programs or activities that  
17 achieve the same or similar results.

18 (ii) For purposes of this paragraph, "good faith efforts"  
19 may also include the evaluation by a city, county, or  
20 regional agency of improved technology for the handling  
21 and management of solid waste that would reduce costs,  
22 improve efficiency in the collection, processing, or  
23 marketing of recyclable materials or yard waste, and  
24 enhance the ability of the city, county, or regional agency  
25 to meet the diversion requirements of paragraphs (1) and  
26 (2) of subdivision (a) of Section 41780, provided that the  
27 city, county, or regional agency has submitted a  
28 compliance schedule pursuant to Section 41825, and has  
29 made all other reasonable and feasible efforts to  
30 implement the programs identified in its source  
31 reduction and recycling element or household hazardous  
32 waste element.

33 (iii) In determining whether a jurisdiction has made a  
34 good faith effort, the board shall consider the  
35 enforcement criteria included in its enforcement policy,  
36 as adopted on April 25, 1995, or as subsequently amended.

37 (2) The extent to which a city, county, or regional  
38 agency has implemented additional source reduction,  
39 recycling, and composting activities to comply with the



1 diversion requirements of paragraphs (1) and (2) of  
2 subdivision (a) of Section 41780.

3 (3) The extent to which a city, county, or regional  
4 agency is meeting the diversion requirements of  
5 paragraphs (1) and (2) of subdivision (a) of Section  
6 41780.

7 (4) Whether the jurisdiction has requested and been  
8 granted an extension to the requirements of Section  
9 41780, pursuant to Section 41820, or an alternative  
10 requirement to Section 41780, pursuant to Section 41785.

11 SEC. 8. Section 42000 of the Public Resources Code is  
12 amended to read:

13 42000. The Legislature hereby finds and declares all  
14 of the following:

15 (a) This division requires cities and counties to divert  
16 25 percent of all solid waste from landfills and  
17 transformation facilities by 1995 and 50 percent by 2000.  
18 As of 1990, the overall diversion rate in the state was 12  
19 percent.

20 (b) California's source reduction, recycling, and  
21 composting efforts need to increase greatly if local  
22 jurisdictions are to meet the 25-percent and the  
23 50-percent diversion requirements.

24 (c) Market development is the key to increased,  
25 cost-effective recycling. Market development includes  
26 activities that strengthen demand by manufacturers and  
27 end-use consumers for recyclable materials collected by  
28 municipalities, nonprofit organizations, and private  
29 entities.

30 (d) Developing markets for recyclable materials  
31 creates opportunities that will reindustrialize California.  
32 The board estimates that the development of markets for  
33 recyclable materials may create over 20,000 jobs in  
34 California's manufacturing sector, an additional 25,000  
35 jobs in the sorting and processing fields, and an  
36 unestimated number of jobs in other fields that may  
37 develop through full implementation of this division.

38 (e) The board is authorized to conduct individual  
39 market development activities, but is not presently



1 required to implement a comprehensive plan that  
2 addresses the full range of market development needs.

3 SEC. 9. Section 42005 of the Public Resources Code is  
4 amended to read:

5 42005. (a) The board shall develop a comprehensive  
6 market development plan using existing resources, that  
7 will stimulate market demand in the state for  
8 postconsumer waste material and secondary waste  
9 material generated in the state.

10 (b) The board's market development plan shall  
11 include, but shall not be limited to, achieving all of the  
12 following goals:

13 (1) Increasing market demand for postconsumer  
14 waste materials and secondary waste materials available  
15 due to California's source reduction and recycling  
16 programs.

17 (2) Increasing demand for recycled content products,  
18 especially high quality, value-added products.

19 (3) Promoting efficient local waste diversion systems  
20 which yield high quality, industrially usable feedstocks.

21 (4) Promoting the competitive collection and use of  
22 secondary waste materials.

23 (c) The board's development plan shall also include  
24 efforts to encourage and promote cooperative, regional  
25 programs to expand markets for recycled material. These  
26 programs shall include activities to address problems and  
27 opportunities that are unique to rural, urban, and  
28 suburban areas of the state.

29 (d) The board shall develop a plan, using existing  
30 resources, to provide assistance to local agencies when  
31 requested by a city, county, or regional agency, in the  
32 implementation of cost-effective programs that provide  
33 a quality supply of recycled materials for markets.

34 (e) The board shall, no later than September 1, 1998,  
35 submit a report to the Governor and the Legislature  
36 which details the following:

37 (1) Regulations and procedures of state agencies  
38 regarding purchasing materials, supplies, equipment and  
39 other items made from recycled materials.



1 (2) Regulations and procedures of state agencies  
2 regarding specification development and the inclusion of  
3 recycled materials in those specifications.

4 (3) Any steps state agencies, both collectively and  
5 individually, could take to increase their use of recycled  
6 materials or purchase products made from recycled  
7 materials, and potential effects on the recycled materials  
8 markets.

9 SEC. 10. Section 42010 of the Public Resources Code  
10 is amended to read:

11 42010. (a) The local governing body may, either by  
12 ordinance or resolution, upon the recommendation of the  
13 appropriate land use planning agency, propose eligible  
14 parcels of property within its jurisdiction as a recycling  
15 market development zone.

16 (b) The proposal of a recycling market development  
17 zone shall be based upon the following findings by the  
18 local governing body:

19 (1) The current waste management practices and  
20 conditions are favorable to the development of  
21 postconsumer waste material markets.

22 (2) The designation as a recycling market  
23 development zone is necessary to assist in attracting  
24 private sector recycling investments to the area.

25 (c) (1) The Recycling Market Development  
26 Revolving Loan Subaccount is hereby created in the  
27 account for the purpose of providing loans for purposes  
28 of the Recycling Market Development Revolving Loan  
29 Program established pursuant to this article.

30 (2) Notwithstanding Section 13340 of the Government  
31 Code, the funds deposited in the subaccount are hereby  
32 continuously appropriated to the board without regard to  
33 fiscal year for making loans pursuant to this article.

34 (3) The board may, upon appropriation by the  
35 Legislature in the annual Budget Act, expend interest  
36 earnings on funds in the subaccount for administrative  
37 expenses incurred in carrying out the Recycling Market  
38 Development Revolving Loan Program.

39 (4) The money from any loan repayments and fees,  
40 including, but not limited to, principal and interest



1 repayments, fees and points, recovery of collection costs,  
2 income earned on any asset recovered pursuant to a loan  
3 default, and funds collected through foreclosure actions,  
4 shall be deposited in the subaccount.

5 (5) All interest accruing on interest payments from  
6 loan applicants shall be deposited in the subaccount.

7 (6) The board may make low-interest loans to local  
8 governing bodies and private business entities within a  
9 recycling market development zone from money in the  
10 subaccount for the purpose of assisting the board and  
11 local agencies in complying with Section 40051 and to  
12 assist counties and cities in complying with Section 41780.

13 (7) The board shall establish and collect fees for  
14 applications for loans authorized by this section. The  
15 application fee shall be set at a level that is sufficient to  
16 fund the board's cost of processing applications for loans.  
17 In addition, the board shall establish a schedule of fees, or  
18 points, for loans which are entered into by the board, to  
19 fund the board's administration of the revolving loan  
20 program.

21 (8) The board may, upon appropriation by the  
22 Legislature in the annual Budget Act, expend money in  
23 the subaccount for the administration of the Recycling  
24 Market Development Revolving Loan Program. In  
25 addition, the board may fund administration of the  
26 revolving loan program from the account upon  
27 appropriation by the Legislature in the annual Budget  
28 Act. However, funding for the administration of the  
29 revolving loan program from the account shall be  
30 provided only if there are not sufficient funds in the  
31 subaccount to fully fund administration of the program.

32 (9) The board, pursuant to subdivision (a) of Section  
33 47901, may set aside funds for the purposes of paying costs  
34 necessary to protect the state's position as a  
35 lender-creditor. These costs shall be broadly construed to  
36 include, but not be limited to, foreclosure expenses,  
37 auction fees, title searches, appraisals, real estate  
38 brokerage fees, attorney fees, mortgage payments,  
39 insurance payments, utility costs, repair costs, removal  
40 and storage costs for repossessed equipment and



1 inventory, and additional expenditures to purchase a  
2 senior lien in foreclosure or bankruptcy proceedings.

3 (d) Loans made pursuant to subdivision (c) shall be  
4 subject to all of the following requirements:

5 (1) The terms of any approved loan shall be specified  
6 in a loan agreement between the borrower and the board.  
7 The loan agreement shall include a requirement that the  
8 failure to comply with the agreement shall result in any  
9 remaining unpaid amount of the loan, with accrued  
10 interest, being immediately due and payable.  
11 Notwithstanding any term of the agreement, any  
12 recipient of a loan that the board approves shall repay the  
13 principal amount, plus interest on the basis of the rate of  
14 return for money in the Surplus Money Investment Fund  
15 at the time of the loan commitment. Except as provided  
16 in subdivision (g), all money received as repayment and  
17 interest on loans made pursuant to this section shall be  
18 deposited in the subaccount.

19 (2) The term of any loan made pursuant to this section  
20 shall be not more than 10 years.

21 (3) The board shall approve only those loan  
22 applications which demonstrate the applicant's ability to  
23 repay the loan. The highest priority for funding shall be  
24 given to projects which demonstrate that the project will  
25 increase market demand for recycling the project's type  
26 of postconsumer waste material.

27 (4) The board shall finance not more than one-half of  
28 the cost of the project, or not more than one million  
29 dollars (\$1,000,000) for loans to the project, whichever is  
30 less.

31 (5) (A) The board shall encourage applicants to seek  
32 participation from private financial institutions or other  
33 public agencies. For purposes of enabling the board and  
34 local agencies to comply with Sections 40051 and 41780,  
35 the board may, on a pilot basis, participate, in an amount  
36 not to exceed five hundred thousand dollars (\$500,000),  
37 in the Capital Access Loan Program as provided in Article  
38 8 (commencing with Section 44559) of Chapter 1 of  
39 Division 27 of the Health and Safety Code.



1 (B) The board may participate in other state and  
2 federal lending programs that leverage funds based upon  
3 the ongoing success of the pilot program described in  
4 subparagraph (A).

5 (6) The Department of Finance may audit the  
6 expenditure of the proceeds of any loan made pursuant  
7 to this section.

8 (e) Upon authorization by the Legislature in the  
9 annual Budget Act, the Controller shall transfer the sum  
10 of five million dollars (\$5,000,000) from the account to the  
11 subaccount for the purpose of making loans pursuant to  
12 this section. Commencing July 1, 2000, upon  
13 authorization by the Legislature in the annual Budget  
14 Act, the amount of the funds transferred pursuant to this  
15 section shall be a sum not to exceed five million dollars  
16 (\$5,000,000) as necessary to meet anticipated loan  
17 demand. Those amounts shall be a loan to the subaccount,  
18 repayable with interest to the account at the rate of  
19 return for money in the Surplus Money Investment Fund.

20 (f) The board shall, as part of the annual report to the  
21 Legislature, pursuant to Section 40507, include a report  
22 on the performance of the Recycling Market  
23 Development Revolving Loan Program, including the  
24 number and size of loans made, characteristics of loan  
25 recipients, projected loan demand, and the cost of  
26 administering the program.

27 (g) All money remaining in the subaccount on July 1,  
28 2006, and all money received as repayment and interest  
29 on loans shall, as of July 1, 2006, be transferred to the  
30 account and any money due and outstanding on loans as  
31 of July 1, 2006, shall be repaid to the board and deposited  
32 by the board in the account until paid in full, except that,  
33 upon authorization by the Legislature in the annual  
34 Budget Act, interest earnings may be expended for  
35 administrative costs associated with the collection of  
36 outstanding loan accounts.

37 (h) (1) Except as provided in paragraph (2), this  
38 section shall become inoperative on July 1, 2006, and as of  
39 January 1, 2007, is repealed, unless a later enacted statute,  
40 which becomes effective on or before January 1, 1998,



1 deletes or extends the dates on which it becomes  
2 inoperative and is repealed.

3 (2) The repeal of this section pursuant to paragraph  
4 (1) shall not extinguish any loan obligation or the  
5 authority of the state to pursue appropriate actions for the  
6 collection of a loan.

7 SEC. 11. Section 42024 is added to the Public  
8 Resources Code, to read:

9 42024. The board, the Trade and Commerce Agency,  
10 the Treasurer, and other appropriate state agencies shall,  
11 to the extent feasible and as appropriate, coordinate  
12 activities that will leverage financing for market  
13 development projects and encourage joint activities to  
14 strengthen markets for recycled materials.

15 SEC. 12. Section 42241.5 is added to the Public  
16 Resources Code, to read:

17 42241.5. The board may develop a program to  
18 increase the use of compost products in agricultural  
19 applications. The program may include, but shall not be  
20 limited to, the following:

21 (a) Identification of federal, state, and local financial  
22 assistance.

23 (b) Cooperative efforts with appropriate federal and  
24 state agencies.

25 SEC. 13. Section 42242 of the Public Resources Code  
26 is repealed.

