

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: RN 10 06870
POSITION: Oppose

BILL NUMBER: X8 SB 30
AUTHOR: J. Oropeza

BILL SUMMARY: Jobs Package: Conservation Corps

This bill is part of a package of 27 bills intended to create over 140,000 jobs through four strategies: (1) investing state and federal funds to create jobs, (2) expanding jobs in the new economy, (3) preparing the state's workforce, and (4) valuing working families. This bill is part of a sub-package of three bills that would invest existing state resources to create "green" jobs.

This bill would: (1) appropriate \$10 million from the Electronic Waste Recovery and Recycling (E-Waste) Account to the California Conservation Corps (CCC) to collect and recycle covered electronic devices, (2) appropriate \$15 million from the E-Waste Account for the CCC to make grants to certified local community conservation corps to collect and recycle covered electronic devices, (3) appropriate \$5 million from the California Tire Recycling Management Fund (Tire Fund) to the CCC to provide grants to local conservation corps to collect and recycle waste tires, and (4) extend the availability of existing Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) appropriations through June 30, 2013.

FISCAL SUMMARY

This bill would result in additional expenditures of \$25 million from the E-Waste Account and \$5 million from the Tire Fund. The E-Waste Account has a projected fund balance of \$138 million in 2010-11 and annual revenue currently exceeds annual expenditures. The Tire Fund has a projected fund balance in 2010-11 of \$26 million, but annual revenue is currently projected to be \$7 million less than expenses. This is largely due to a drop in the volume of new car sales which directly affects the amount of tire disposal fee revenue collected. Furthermore, the Tire Fund's solvency relies on scheduled General Fund loan repayments of \$10 million in 2010-11 and \$17 million in 2011-12.

The 2008 Budget Act appropriated \$23 million Proposition 84 funds for local conservation corps grants, and these funds were reappropriated in the 2009 Budget Act. The 2009 Budget Act also appropriated another \$6.7 million Proposition 84 funds for the same purpose. This bill would extend the availability of these Budget Act appropriations through June 30, 2013.

COMMENTS

The Department of Finance is opposed to this bill for the following reasons:

- The \$5 million appropriation from the Tire Fund would exacerbate the ongoing structural deficit in the fund. The Tire Fund derives its fees from a disposal fee levied at the point of sale on new tires, including those found on new cars. From 2007-08 to 2008-09 the number of new tires sold in California dropped from 30.6 million to 26.2 million and sales have yet to recover.

(Continued)

Analyst/Principal (0622) M. Almy Date Program Budget Manager Karen Finn Date

Department Deputy Director Date

Governor's Office: By: Date: Position Approved Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

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**COMMENTS** (Continued)

- The bill is unnecessary because local corps already receive funding from the E-Waste Account as registered collectors. Currently, eight local corps are registered as “collectors” of e-waste with the Department of Resources, Recycling, and Recovery (CalRecycle) and receive recovery payments of \$0.16 per pound from approved recyclers. The e-waste recycling program is funded by a fee on all California consumers of covered devices which is set at a level to fulfill recovery and recycling payment obligations and provide State administrative and regulatory oversight. Establishing a separate grant program that is not based on a specified performance level will create a new process that competes unfairly with the majority of program participants from the private sector that also provide a substantial number of green jobs.
- There does not appear to be additional waste tire cleanup activity to justify additional expenditures. CalRecycle currently allocates \$1 million annually to local governments to target waste tire cleanup, and the local corps already assist when a major tire pile is discovered.
- Providing an additional \$5 million to local corps to recycle waste tires could negatively affect existing registered waste haulers. Waste tire haulers are registered with CalRecycle and must use authorized collection facilities. If the local corps were to carry out these activities, they would need to register as a waste hauler and would then compete directly with established private waste haulers. Because the local corps would receive Tire Fund money, along with waste hauler fees, the established waste tire haulers would be at a competitive disadvantage.
- It is unlikely the local corps or the CCC would be able to comply with existing requirements, or be in possession of the necessary infrastructure, to recycle e-waste and waste tires. Recycling of e-waste and waste tires, beyond collection, requires land use entitlements, permits, and equipment that local corps and the CCC currently do not have.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code
	LA	(Dollars in Thousands)								
	CO RV	PROP 98	FC	2009-2010	FC	2010-2011	FC	2011-2012		
3340/Cons Corps	SO	No	A	\$10,000		--		--	3065	
3340/Cons Corps	LA	No	A	\$15,000	A	\$0	A	\$0	3065	
3340/Cons Corps	LA	No	A	\$5,000	A	\$0	A	\$0	0226	
3340/Cons Corps	SO	No		----- See Fiscal Summary -----					6051	
<u>Fund Code</u>	<u>Title</u>									
0226	Tire Recycling Management Fund, Calif									
3065	Electronic Waste Recovery & Recycling									
6051	SafeDrinkWtr,WtrQual/Sup,FldCtrl,RvrCstl									