May 24, 2021

The Honorable Gavin Newsom
Governor
State of California

The Honorable Toni Atkins
President pro Tempore
California State Senate

The Honorable Anthony Rendon
Speaker of the Assembly
California State Assembly

The Honorable Nancy Skinner
Chair, Senate Budget Committee
California State Senate

The Honorable Philip Ting
Chair, Assembly Budget Committee
California State Assembly

Re: Budget Request – Support for $200M to CalRecycle for Organic Waste Recycling Infrastructure and $200M for Local Organic Waste Recycling Assistance

On behalf of the undersigned organizations, we write in support of Governor Newsom’s budget proposal of $55M to CalRecycle for organic waste recycling infrastructure needed to implement SB 1383 (Lara, 2016), but request the State increase this amount to $200M. We also support the California State Senate’s proposal to allocate $200M to cities and counties to develop and implement SB 1383 organic waste recycling programs.

As California looks to quickly stimulate economic recovery while simultaneously combating climate change, the state needs to invest in the economy and ensure long-term resiliency. Supporting successful implementation of CalRecycle’s recently adopted SB 1383 regulations through infrastructure investment will achieve this goal, as SB 1383 will reduce methane emissions, improve air quality, cut GHGs by 4 million tons annually, and create 4,500 temporary and 11,700 permanent jobs.

Organic waste recycling is a key component of California’s Short-Lived Climate Pollutant (SLCP) Reduction Strategy and the state’s overall climate plan. Under SB 1383, the state must achieve a 75 percent reduction in the amount of organic waste disposed of in landfills by 2025. Implementing these regulations is a massive undertaking which requires significant recycling infrastructure to effectively transform how organic waste is managed. CalRecycle has estimated that the first year of implementation will cost local governments $400 million and will cost $20 billion to implement over ten years.

The Senate’s proposed $200 million allocation will go a long way to help local governments develop and implement the organic waste collection and recycling programs that are vital to achieving the SB 1383 organic waste diversion goals. The first compliance obligations for local
governments begin in early 2022 and local governments are working to develop a comprehensive suite of local collection, enforcement, and funding programs. At the same time, this alone is not sufficient to achieve those objectives. **Local assistance funding must be combined with state investment in infrastructure development.** CalRecycle estimated that 50 to 100 new organic waste recycling facilities will need to be built to manage and recycle the organic waste expected to be collected under the SB 1383 regulations. This funding will also offer economic relief to families across the state by offsetting the dramatic increase in rates for waste collection and processing services that would otherwise be needed to fund SB 1383 infrastructure. Without this funding, local governments and ratepayers will bear the brunt of these costs in the midst of an economic recovery.

We support the Administration’s proposed allocation of $55 million in financial assistance to spur development of new organic waste infrastructure; however, we strongly support increasing that amount to $200 million. The $200 million requested for infrastructure should be disbursed in multiple complementary ways to maximize investment statewide. Even those areas of the state with established organic waste recycling programs will need to improve those programs to meet the requirements of SB 1383. Some of the greatest challenges to those programs are the lengthy and costly permitting processes to upgrade facilities and operations to be in compliance with continuously increasing and tightening regulations from multiple regulatory agencies. We suggest these funds be distributed through CalRecycle’s existing Greenhouse Gas Reduction Grant and Loan Programs and that CalRecycle be given broad discretion as to how those funds are used, including for loans, grants, incentive payments, and other financial assistance tools.

We acknowledge and appreciate the Administration’s innovative approach to stimulating the development and location of recycling businesses in California through capitalization of a Climate Catalyst Fund. While we are interested in new financing tools, we recognize that it may be underutilized because of its novelty and so suggest that any funds unused after two years be reallocated to CalRecycle’s other existing loan and grant programs that have a long history of success.

Finally, we also support the Governor’s proposed allocation of $5 million each to expand community composting opportunities and food waste prevention projects and rescue projects. These are important activities that will help ensure access to local composting opportunities and increase the amount of edible food recovered for community nutrition programs. At the same time, we recognize that more funding may be needed for these programs, especially in the early stages to increase the capacity of edible food recovery operations.

**We respectfully request the Legislature appropriate $200 million to CalRecycle for Organic Waste Recycling Infrastructure and $200 million to help assist cities and counties develop and**
begin implementing SB 1383 requirements. This funding is an important initial investment to accelerate development of the programs and infrastructure necessary to achieve the state’s organic waste recycling goals and to carry out early implementation activities.

Sincerely,

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