

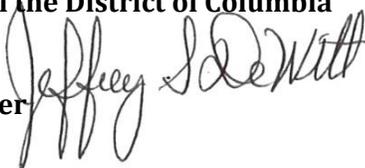
Government of the District of Columbia
Office of the Chief Financial Officer



Jeff DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeff DeWitt
Chief Financial Officer 

DATE: October 15, 2014

SUBJECT: Fiscal Impact Statement – Paint Stewardship Act of 2014

REFERENCE: Bill 20-886, Draft Committee Print as shared with the Office of Revenue Analysis on October 14, 2014

Conclusion

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the legislation.

Background

The bill requires paint¹ producers to implement a paint stewardship plan that addresses the collection, recycling, reuse, and proper disposition of used paint using environmentally sound practices.² When fully implemented, all paint retailed in the District will be sourced from producers who participate in such a program that promotes recycling of unused paint.

By April 1, 2016, paint producers or a representative organization³ must submit a plan to the Mayor for approval that addresses the following four components:

1. Promotes the reuse and recycling of post-consumer paint and enter into agreements for its collection, transport, reuse, recycling, and disposal;
2. Provides convenient collection in a manner at least equal to current hazardous household waste collection efforts in the District;⁴
3. Provides local nonprofit building reuse organizations with postconsumer paint free of charge;

¹ This only applies to interior and exterior paint sold in containers of five gallons or less.

² This only applies to paints sold at the retail level in the District.

³ A representative organization is a non-profit created by a producer to implement a stewardship program.

⁴ The Department of Public Works currently operates a hazardous household waste collection program.

4. Identifies the producers and brand names that are covered by the plan; and
5. Demonstrates sufficient funding for the program through the imposition of an architectural paint stewardship assessment on the retail price of each container of paint sold.

The District must approve the plan within one hundred twenty days and beginning on September 1, 2016, producers with an approved plan must begin implementation of the stewardship program. Additionally, a producer or its representative organization should annually⁵ report to the Mayor its program's operational processes, the volume and type of paint collected, implementation costs, and examples of the program's public educational materials. The Mayor can impose an initial plan review fee and recover the District's ongoing implementation costs through an annual administrative fee.

Paint retailers are prohibited from selling paints from producers who do not participate in a stewardship program. Also, retailers are allowed, but not required to participate in the stewardship program as a postconsumer collection site.

Eight states⁶ currently have paint stewardship programs that are managed by PaintCare Inc.; a non-profit established the American Coatings Association.

Financial Plan Impact

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the resolution. The District Department of the Environment (DDOE) will be responsible for reviewing and approving the stewardship plans submitted by producers. Implementation of the program will require dedicated resources of a DDOE staff member, but those costs will be recovered through the initial plan review and annual fees. ORA expects that DDOE could administer the program at a level less than the \$40,000 the State of Oregon expends annually⁷ to administer its program, but the exact cost to the District is not known at this time. It is important to note that the Mayor will need to initiate a budget request to expend the fees once they are received.

The stewardship assessment will increase the retail price of architectural paint in the District. Currently, the assessment is 35 cents, 75 cents, and \$1.60 per container⁸ in all states that currently have stewardship programs. The assessment is directed to the producer or representative organization to cover costs of the program.

⁵ Annually reporting shall begin on October 1, 2017.

⁶ Oregon, California, Connecticut, Vermont, and Rhode Island have operational programs. Colorado, Maine, and Minnesota are establishing their programs now.

⁷ Oregon Architectural Paint Stewardship Program, effective July 29, 2013 (HB 2048, Section 10).

⁸ Depending on the size of the container.