

HB

481

HOUSE COMMITTEE ON STATE AFFAIRS

RECAP OF HB 481

Procurement Preference/Recycled Products

Received February 7, 1990

by Reps. Finkelstein, Menard, Navarre, Ulmer,
Brown, Boyer, Koponen, Boucher, Ellis, M. Davis,
Swackhammer, Kubina, Goll

Heard February 22, 1990

Adopted CSHB 481 (SA) February 22, 1990

Passed Out of Committee February 22, 1990
6 Do Pass

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HOUSE COMMITTEE REPORT

(7)

Date Referred: February 7, 1990

FURTHER REFERRALS:

FINANCE

Date of Committee Action: _____

The STATE AFFAIRS Committee considered:

HB 481

HOUSE BILL NO. 481

PROCUREMENT PREFERENCE/RECYCLED PRODUCTS

"An Act relating to state procurement of recycled paper and other products and to the state's use of paper; establishing a waste reduction and recycling task force; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with CS HB 481 (SA) the same title
 a new title
 have attached amendment(s)
 do pass
 do not pass
 no recommendation
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact DOA & Gov Office fiscal note(s) _____
 zero fiscal note _____ zero fiscal note(s) _____
 zero with analysis _____ zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not
PASS
No Rec
Amend

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

	Do Not PASS	No Rec	Amend

[Signature]
Vice-Chairman's Signature

BY REP. FINKELSTEIN, Menard, Navarre, Ulmer, Brown, Boyer, Koponen,
Boucher, Ellis, M.Davis, Swackhammer, Kubina, Goll

HOUSE AMENDMENT

1 IN THE HOUSE

2

HOUSE BILL NO. 481

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to state procurement of recycled
7 paper and other products and to the state's use of
8 paper; establishing a waste reduction and recycling
9 task force; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 36.30 is amended by adding a new section to article 1
12 to read:

[1994 -> effective]

13

Sec. 36.30.095. PROCUREMENT OF PAPER. Except as otherwise

14

required under AS 36.15.050 or AS 36.30.322 - 36.30.338, when a state

15

agency purchases paper, at least 15 percent of the quantity purchased

16

must be recycled paper unless the commissioner of the department in

17

which the agency is located makes a written finding that recycled

18

paper is not available for the purchase or that, after application of

19

the procurement preference under AS 36.30.339, the recycled paper is

20

more expensive than the nonrecycled paper. If the agency is not

21

located in a department, the procurement officer for the agency shall

22

make the written finding. If the agency is located in the Office of

23

the Governor, the governor shall make the written finding.

24

* Sec. 2. AS 36.30.095 is repealed and reenacted to read:

25

Sec. 36.30.095. PROCUREMENT OF PAPER. Except as otherwise

26

required under AS 36.15.050 or AS 36.30.322 - 36.30.338, when a state

27

agency purchases paper, at least 25 percent of the quantity purchased

28

must be recycled paper unless the commissioner of the department in

29

which the agency is located makes a written finding that recycled

1 paper is not available for the purchase or that, after application of
2 the procurement preference under AS 36.30.339, the recycled paper is
3 more expensive than the nonrecycled paper. If the agency is not
4 located in a department, the procurement officer for the agency shall
5 make the written finding. If the agency is located in the Office of
6 the Governor, the governor shall make the written finding.

7 * Sec. 3. AS 36.30.170(b) is amended to read:

8 (b) The procurement officer shall award a contract based on
9 solicited bids to the lowest responsive and responsible bidder after
10 an Alaska bidder preference of five percent, [AND] an Alaska products
11 preference as described in AS 36.30.322 - 36.30.338, and a recycled
12 products preference under AS 36.30.339 have been applied. In this
13 subsection, "Alaska bidder" means a person who

14 (1) holds a current Alaska business license;

15 (2) submits a bid for goods, services, or construction
16 under the name as appearing on the person's current Alaska business
17 license;

18 (3) has maintained a place of business within the state
19 staffed by the bidder or an employee of the bidder for a period of six
20 months immediately preceding the date of the bid;

21 (4) is incorporated or qualified to do business under the
22 laws of the state, is a sole proprietorship [,] and the proprietor is
23 a resident of the state, or is a partnership [,] and all partners are
24 residents of the state; and

25 (5) if a joint venture, is composed entirely of ventures
26 that qualify under (1) - (4) of this subsection.

27 * Sec. 4. AS 36.30 is amended by adding a new section to read:

28 ARTICLE 5A. PREFERENCE FOR RECYCLED PRODUCTS.

29 Sec. 36.30.339. PROCUREMENT PREFERENCE FOR RECYCLED PRODUCTS.

1 (a) In the evaluation of a bid or proposal for an agency procurement
2 of products, the agency shall decrease the bid or proposal by 10
3 percent if the bid or proposal indicates that the products being
4 purchased will be recycled products.

5 (b) A decrease made under (a) of this section is in addition to
6 other preferences allowed for the procurement. *no by party*

7 (c) The department shall establish [by regulation] the minimum
8 percentage of recycled content that will qualify a product as a re-
9 cycled product under (a) of this section.

10 (d) The department shall compile and maintain a list of products
11 that qualify as recycled products under (c) of this section. The
12 department shall make this list available to the public.

13 (e) If a successful bidder or offeror receives a decrease under
14 (a) of this section but fails to use the designated recycled product
15 for the contract for a reason within the control of the bidder or
16 offeror, each payment under the contract shall be reduced by 10 per-
17 cent.

18 * Sec. 5. AS 36.30.900 is amended to read:

19 Sec. 36.30.900. PRODUCT PREFERENCES [PREFERENCE FOR ALASKA
20 PRODUCTS]. This chapter does not modify AS 36.15.010 and 36.15.020
21 regarding preference for Alaska forest products, or AS 36.15.050 and
22 36.15.060 regarding preference for Alaska agricultural and fisheries
23 products, except as provided in AS 36.30.170(b) and (c) and 36.30.339.

24 * Sec. 6. AS 44.99 is amended by adding a new section to read:

25 Sec. 44.99.020. USE OF PAPER. A state agency shall use both
26 sides of paper when feasible. In this section, "state agency" means a
27 department, institution, board, commission, division, authority,
28 public corporation, or other administrative unit of the executive,
29 legislative, or judicial branch of state government, including the

1 University of Alaska, the Alaska State Housing Authority, the Alaska
2 Railroad Corporation, and legislative committees.

3 * Sec. 7. WASTE REDUCTION AND RECYCLING TASK FORCE. (a) There is
4 established in the Office of the Governor the Waste Reduction and Recycling
5 Task Force.

6 (b) The task force consists of the governor, the commissioner of
7 administration, the commissioner of community and regional affairs, the
8 commissioner of environmental conservation, the commissioner of natural
9 resources, the commissioner of transportation and public facilities, one
10 person from the judicial branch appointed by the administrative director of
11 the judicial branch, one person from the legislative branch appointed by
12 the executive director of the legislative affairs agency, two persons from
13 the legislative branch appointed by the president of the senate, and two
14 persons from the legislative branch appointed by the speaker of the house
15 of representatives. If a task force member who is appointed by a presiding
16 officer of a house of the legislature is a legislator in the Sixteenth
17 Alaska State Legislature, but is not a legislator in the same house in the
18 Seventeenth Alaska State Legislature, the appointing authority for the task
19 force member may replace the task force member with another person. A
20 member of the task force may designate another person to represent the
21 member on the task force.

22 (c) The task force shall

23 (1) identify opportunities in state government to reduce waste,
24 increase the reuse and recycling of materials, and promote the purchase of
25 materials that are made of materials that have been recycled after consumer
26 use; and

27 (2) design plans to implement the opportunities identified in
28 (1) of this subsection.

29 (d) The task force shall submit to the legislature on or before

1 April 15 of 1991 and 1992, a report containing the opportunities identified
2 under (c)(1) of this section and the plans designed under (c)(2) of this
3 section.

4 (e) The task force shall terminate April 16, 1992.

5 * Sec. 8. Sections 1 and 3 - 5 of this Act apply to procurements that
6 begin on or after the effective date of secs. 1 and 3 - 5 of this Act.

7 * Sec. 9. Section 2 of this Act applies to procurements that begin on
8 or after July 1, 1994.

9 * Sec. 10. Section 2 of this Act takes effect July 1, 1994.

10 * Sec. 11. Section 7 of this Act takes effect immediately under AS 01.-
11 10.070(c).

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: An Act relating to State procurement of recycled paper and other products . . . BRU: General Services and Supply
 Sponsor: Finkelstein Components: Purchasing, Central Duplication
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	2.5	0	0	0	0	0
SUPPLIES	28.5	28.5	28.5	28.5	47.5	47.5
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	31.0	28.5	28.5	28.5	47.5	47.5
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	31.0	28.5	28.5	28.5	47.5	47.5
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	31.0	28.5	28.5	28.5	47.5	47.5

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This bill has a minimal impact on the purchasing activities of the Division of General Services and Supply, but is estimated to increase the contract cost paid for paper by Central Duplication and used by the executive branch. No impact is expected during FY 90. (See Attached Analysis)

Prepared by: Robert J. Link *Robert J. Link* Phone: 465-2250
 Division: General Services and Supply Date: 2/21/90
 Approved by Commissioner: Frank S. Baxter *Frank S. Baxter* Date: 2/21/90
 Agency: Department of Administration

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

CONTINUATION of FISCAL NOTE ANALYSIS

For HB 481

We have no way to be certain how much paper is purchased by all agencies this bill would cover. Based on annual consumption records for various writing and printing paper master contracts, we estimate approximately \$1.3 million is purchased per year by the executive branch through bid contracts. In general, we believe that copy paper, bond paper, and ruled tablet type paper accounts for about \$650,000. Laser and computer paper constitutes another \$650,000.

Other types of paper products such as envelopes and janitorial total approximately .5 million.

For FY 91, 92, 93, and 94, Section 1 of this bill would require that 15 percent of all paper purchased to have recycled content, if available, and if the paper would not be more expensive than nonrecycled paper after application of a 10 percent preference. Section 2 of the bill will increase the quantity of paper requiring recycled content to 25 percent in FY 95 and thereafter.

Assumptions:

* Estimated annual cost of paper \$1,900,000

* FY 91-94 \$1,900,000 x 15% = \$285,000

If recycled paper is available and within 10 percent of nonrecycled, the cost impact of the product preference is estimated to be \$285,000 x 10% = \$28,500.

* FY 95 and beyond \$1,900,000 x 25% = \$475,000

If recycled paper is available and within 10 percent of nonrecycled, the cost impact of the product preference is estimated to be \$475,000 x 10% = \$47,500.

The increased cost to the State for purchase of paper with recycled content during the first four years of the preference at 15 percent recycled content is estimated to be \$28,500. Costs will increase to approximately \$47,500 per year beginning in FY 95. This preference could apply to other products beyond paper.

Section 4 of the bill will require the Department to develop the required amount of recycled content and to compile and maintain a list of products that meet the minimum recycled content established by the regulation. This will involve periodic advertising, solicitation of products, evaluation of products offered, development of a data base, and publishing a list with periodic updates. The Department of General Services and Supply would enter into a consortium with other states through the National Association of State Purchasing Officials (NASPO) to commission ASTM to develop recycled paper specifications for states. Alaska's share of the one time cost would be \$2,500.

Section 6 of the bill will require State agencies to use both sides of paper when feasible. This should result in savings of paper, but there is no way to accurately predict the cost savings from the use of both sides of paper.

A S S U M P T I O N S

ANNUAL PAPER PRODUCT COSTS

	PRIOR YEAR COSTS	ESTIMATED ANNUAL COSTS
Xerox and Bond	\$425,000	\$600,000
Legal Pads	35,000	50,000
Pleading Paper	20,000	20,000
Computer Paper	204,000	300,000
Laser Paper	305,000	350,000
Card Stock	43,000	43,000
Envelopes	82,000	85,000
Janitorial	240,000	240,000
Food Service Paper	150,000	150,000
Boxes	20,000	25,000
	\$1,569,000	\$1,863,000

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Office of the Governor
 Title: "An Act relating...: establishing BRU: Executive Operations
a waste reduction and recycling task force..."
 Sponsor: Rep. Finkelstein, et al Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	5.0	5.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	5.0	5.0				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	5.0	5.0				
FEDERAL FUNDS						
OTHER						
TOTAL	5.0	5.0				

POSITIONS:

FULL-TIME	-	-				
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached analysis

Prepared by: Michael A. Nizich, Director *Maw* Phone: 465-3616
 Division: Administrative Services Date: 2/21/90
 Approved by Commissioner: Garrey Peska, Chief of Staff Date: 2/21/90
 Agency: Office of the Governor

Distribution (by preparer) :
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

HB 481 Analysis

Analysis assumes travel and per diem costs and staff needs for task force meetings will be provided by the participating agencies. Fiscal note provides for contractual costs for required legislative reports in 1991 and 1992 only.

CONTRACTUAL 5.0

Professional services for report writing	3,000
Advertising, Printing & Binding:	
Report printing	2,000

Item 3

Alaska State Legislature

3111 C STREET
ANCHORAGE, ALASKA 99503
561-7626

WHILE IN SESSION:
P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
465-2435



Representative David Finkelstein

CHAIR
SPECIAL COMMITTEE ON TOURISM

STATE AFFAIRS COMMITTEE
LABOR AND COMMERCE COMMITTEE

MILITARY & VETERANS' AFFAIRS
HEALTH AND SOCIAL SERVICES
BUDGET SUBCOMMITTEES

February 8, 1990

To: Representative Red Boucher
Chair, State Affairs Committee

From: David Finkelstein

Re: House Bill 481 relating to the state procurement of
recycled products

I would like to request that HB 481 be scheduled for hearing
in your committee.

This bill requires that recycled products receive a ten percent price break. In addition, it sets a goal of getting the state to purchase 15 percent recycled paper by 1991 and 25 percent by 1994. A task force is created to identify areas in state government where waste can be reduced and reuse of materials can be increased. Finally, state agencies will be required to use both sides of a sheet of paper, when feasible.

Please call me if you have any questions. Thank you.

DISTRICT THIRTEEN

CREEPSIDE • ELMENDORF AIR FORCE BASE • ELMRICH • MOUNTAIN VIEW • NUNAKA VALLEY • PIARMIGAN • RUSSIAN JACK • WONDER PARK



Item 4



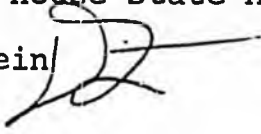
Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

Official Business

February 22, 1990

To: Members of the House State Affairs
From: David Finkelstein 
Re: House Bill 481

The basic provisions of the bill are:

- establish a ten percent price preference for recycled products in state procurement;
- require fifteen percent of all paper purchased by the state be recycled paper unless the agency finds that recycled paper is not available or is not within the recycled product price preference. In 1994, this percentage would rise to twenty-five percent;
- create a Waste Reduction and Recycling Task Force of twelve members from all three branches of government to identify areas in state government where waste can be reduced and reuse of materials can be increased; and
- set a policy for state agencies of using both sides of a sheet of paper, where feasible.

BY REP. FINKELSTEIN, Menard, Navarre, Ulmer, Brown, Boyer, Koponen,
Boucher, Ellis, M.Davis, Swackhammer, Kubina, Goll

1 IN THE HOUSE

2

HOUSE BILL NO. 481

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state procurement of recycled
7 paper and other products and to the state's use of
8 paper; establishing a waste reduction and recycling
9 task force; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 36.30 is amended by adding a new section to article 1
12 to read:

13 Sec. 36.30.095. PROCUREMENT OF PAPER. Except as otherwise
14 required under AS 36.15.050 or AS 36.30.322 - 36.30.338, when a state
15 agency purchases paper, at least 15 percent of the quantity purchased
16 must be recycled paper unless the commissioner of the department in
17 which the agency is located makes a written finding that recycled
18 paper is not available for the purchase or that, after application of
19 the procurement preference under AS 36.30.339, the recycled paper is
20 more expensive than the nonrecycled paper. If the agency is not
21 located in a department, the procurement officer for the agency shall
22 make the written finding. If the agency is located in the Office of
23 the Governor, the governor shall make the written finding.

24 * Sec. 2. AS 36.30.095 is repealed and reenacted to read:

25 Sec. 36.30.095. PROCUREMENT OF PAPER. Except as otherwise
26 required under AS 36.15.050 or AS 36.30.322 - 36.30.338, when a state
27 agency purchases paper, at least 25 percent of the quantity purchased
28 must be recycled paper unless the commissioner of the department in
29 which the agency is located makes a written finding that recycled

1 paper is not available for the purchase or that, after application of
2 the procurement preference under AS 36.30.339, the recycled paper is
3 more expensive than the nonrecycled paper. If the agency is not
4 located in a department, the procurement officer for the agency shall
5 make the written finding. If the agency is located in the Office of
6 the Governor, the governor shall make the written finding.

7 * Sec. 3. AS 36.30.170(b) is amended to read:

8 (b) The procurement officer shall award a contract based on
9 solicited bids to the lowest responsive and responsible bidder after
10 an Alaska bidder preference of five percent, [AND] an Alaska products
11 preference as described in AS 36.30.322 - 36.30.338, and a recycled
12 products preference under AS 36.30.339 have been applied. In this
13 subsection, "Alaska bidder" means a person who

14 (1) holds a current Alaska business license;

15 (2) submits a bid for goods, services, or construction
16 under the name as appearing on the person's current Alaska business
17 license;

18 (3) has maintained a place of business within the state
19 staffed by the bidder or an employee of the bidder for a period of six
20 months immediately preceding the date of the bid;

21 (4) is incorporated or qualified to do business under the
22 laws of the state, is a sole proprietorship [,] and the proprietor is
23 a resident of the state, or is a partnership [,] and all partners are
24 residents of the state; and

25 (5) if a joint venture, is composed entirely of ventures
26 that qualify under (1) - (4) of this subsection.

27 * Sec. 4. AS 36.30 is amended by adding a new section to read:

28 ARTICLE 5A. PREFERENCE FOR RECYCLED PRODUCTS.

29 Sec. 36.30.339. PROCUREMENT PREFERENCE FOR RECYCLED PRODUCTS.

1 (a) In the evaluation of a bid or proposal for an agency procurement
2 of products, the agency shall decrease the bid or proposal by 10
3 percent if the bid or proposal indicates that the products being
4 purchased will be recycled products.

5 (b) A decrease made under (a) of this section is in addition to
6 other preferences allowed for the procurement.

7 (c) The department shall establish by regulation the minimum
8 percentage of recycled content that will qualify a product as a re-
9 cycled product under (a) of this section.

10 (d) The department shall compile and maintain a list of products
11 that qualify as recycled products under (c) of this section. The
12 department shall make this list available to the public.

13 (e) If a successful bidder or offeror receives a decrease under
14 (a) of this section but fails to use the designated recycled product
15 for the contract for a reason within the control of the bidder or
16 offeror, each payment under the contract shall be reduced by 10 per-
17 cent.

18 * Sec. 5. AS 36.30.900 is amended to read:

19 Sec. 36.30.900. PRODUCT PREFERENCES [PREFERENCE FOR ALASKA
20 PRODUCTS]. This chapter does not modify AS 36.15.010 and 36.15.020
21 regarding preference for Alaska forest products, or AS 36.15.050 and
22 36.15.060 regarding preference for Alaska agricultural and fisheries
23 products, except as provided in AS 36.30.170(b) and (c) and 36.30.339.

24 * Sec. 6. AS 44.99 is amended by adding a new section to read:

25 Sec. 44.99.020. USE OF PAPER. A state agency shall use both
26 sides of paper when feasible. In this section, "state agency" means a
27 department, institution, board, commission, division, authority,
28 public corporation, or other administrative unit of the executive,
29 legislative, or judicial branch of state government, including the

1 University of Alaska, the Alaska State Housing Authority, the Alaska
2 Railroad Corporation, and legislative committees.

3 * Sec. 7. WASTE REDUCTION AND RECYCLING TASK FORCE. (a) There is
4 established in the Office of the Governor the Waste Reduction and Recycling
5 Task Force.

6 (b) The task force consists of the governor, the commissioner of
7 administration, the commissioner of community and regional affairs, the
8 commissioner of environmental conservation, the commissioner of natural
9 resources, the commissioner of transportation and public facilities, one
10 person from the judicial branch appointed by the administrative director of
11 the judicial branch, one person from the legislative branch appointed by
12 the executive director of the legislative affairs agency, two persons from
13 the legislative branch appointed by the president of the senate, and two
14 persons from the legislative branch appointed by the speaker of the house
15 of representatives. If a task force member who is appointed by a presiding
16 officer of a house of the legislature is a legislator in the Sixteenth
17 Alaska State Legislature, but is not a legislator in the same house in the
18 Seventeenth Alaska State Legislature, the appointing authority for the task
19 force member may replace the task force member with another person. A
20 member of the task force may designate another person to represent the
21 member on the task force.

22 (c) The task force shall

23 (1) identify opportunities in state government to reduce waste,
24 increase the reuse and recycling of materials, and promote the purchase of
25 materials that are made of materials that have been recycled after consumer
26 use; and

27 (2) design plans to implement the opportunities identified in
28 (1) of this subsection.

29 (d) The task force shall submit to the legislature on or before

1 April 15 of 1991 and 1992, a report containing the opportunities identified
2 under (c)(1) of this section and the plans designed under (c)(2) of this
3 section.

4 (e) The task force shall terminate April 16, 1992.

5 * Sec. 8. Sections 1 and 3 - 5 of this Act apply to procurements that
6 begin on or after the effective date of secs. 1 and 3 - 5 of this Act.

7 * Sec. 9. Section 2 of this Act applies to procurements that begin on
8 or after July 1, 1994.

9 * Sec. 10. Section 2 of this Act takes effect July 1, 1994.

10 * Sec. 11. Section 7 of this Act takes effect immediately under AS 01.-
11 10.070(c).

HOUSE AMENDMENT

TO: HB 481

BY: Rep. Finkelstein

Page _____ Line _____

Page 3, line 7

Delete "by regulation"

Page 3, lines 10 - 17

Delete "(d) The department shall compile and maintain a list of products that qualify as recycled products under (c) of this section. The department shall make this list available to the public.

(e) If a successful bidder or offeror receives a decrease under (a) of this section but fails to use the designated recycled product for the contract for a reason within the control of the bidder or offeror, each payment under the contract shall be reduced by 10 percent."

Submit original amendment to the Chief Clerk.
It will then be numbered and duplicated.

Alaska State Legislature



P.O. Box Y
Juneau, AK 99811-3100
Phone: (907) 165-3991
Fax: (907) 163-3351

Legislative Research Agency

February 21, 1990

MEMORANDUM

TO: Representative David Finkelstein

FROM: Linda J. Snow *L. Snow*
Legislative Analyst

RE: Availability of Recycled Paper
Research Request 90.237

You asked this agency to obtain information about the availability, comparative price, and quality of recycled paper.

Summary

Recycled paper products are currently less available and higher priced than virgin paper products. Demand for these products is growing however, and the industry is changing to meet this demand. Industry representatives anticipate a time lag of one to three years as new plants and facilities are built. Availability is expected to improve and price discrepancies to disappear as the industry responds to demand. The quality of recycled paper products has increased dramatically in the past few years, and nearly equals that of virgin paper products.

Availability

Recycled paper products are available to meet demand in most cases. The exception is bond and copy paper (office paper) made from recycled products. The reason for the shortage in office paper is threefold: first, not enough office paper is being recycled to use as raw material; second, very few paper mills have the ability to manufacture recycled paper; and third, very few plants have the ability to de-ink recycled paper. As the demand for recycled paper grows, these obstacles should diminish.

The federal government recently changed its procurement policy and now purchases recycled paper products (Sec. 5002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act). Many state governments have adopted this policy also.¹ A large supply of "waste paper"²

¹Personal communication with Ann Mattheis, Manager of Governmental Relations, American Paper Institute, Inc., February, 1990. Ms. Mattheis stated that 35 states have passed legislation requiring the use of recycled paper.

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is readily available for use as raw material, but the supply of office paper "post-consumer waste"³ does not meet demand. As demand for post-consumer waste grows, recycling projects gain support. All major cities now participate, and curb-side collection projects are increasing in number.

Paper manufacturers are increasing their capacity to produce recycled paper products of all types. As a result of the demand, new mills able to produce recycled paper are being built or converted. (On April 1, 1990, Georgia Pacific will open a new recycled paper plant which will produce 1,200 new, 50 percent recycled products.)

Consumers of recycled office paper demand a bright white color, which is reproduced only through thorough de-inking. Plants are increasing their capacity to de-ink the recycled pulp.

Price Comparison

Currently, the price of high quality recycled office paper is higher than virgin office paper by about 8 to 13 percent.⁴ The premium exists because mills which produce recycled paper are smaller than virgin paper mills. Costs are incrementally lower in larger mills due to greater efficiency. As demand grows, recycled paper mills will become larger, and the premium should disappear or be substantially reduced. Ultimately, recycled paper should be less expensive to produce. In other forms (e.g., newsprint, paper towels) recycled paper products are currently less expensive than virgin paper products

Quality Comparison

The quality of recycled paper has increased dramatically in recent years. Reports indicate that the quality of *most* recycled paper currently being produced is at least 95 percent as high as that of virgin paper. Minor complaints about lack of stiffness (body) and residual dust or lint have been reported, but there has also been praise for the opacity and registration (clearness of image) from recycled paper. Most manufacturers at least meet quality and content specifications laid out by the federal government in 40 CFR part 250 (Attachment A). The National Association of State Procurement Officers is currently developing standard specifications for state legislation,

²Paper scraps left over from the process of manufacturing paper products.

³Paper discarded after the consumer has used it.

⁴Personal communication, Susan Kinsella, Conservatree Paper Company, a major wholesale distributor of recycled paper products, February, 1990.

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which will likely resemble federal government specifications.⁵ These standard specification should be completed by year's end.

Other States' Experiences

According to Lee Cooper with the State of California, in that state, 18 to 25 percent of the state budget for paper products is used to buy recycled paper (with a cap of \$50,000). California regulations allow payment of a five percent premium to vendors for recycled paper, although a premium is not always paid. New York and New Jersey both allow a 10 percent bidder's preference for recycled paper products. Fifty percent of the paper products used by New York state are made from recycled materials.⁶

The State of Oregon has been purchasing recycled paper since 1977, according to Byron Thompson with their Department of General Services. At present, 78 percent of their copy and bond paper is recycled paper. They use recycled paper in their institutions also, such as paper towels, napkins, toilet paper, etc. Byron Thompson, a purchasing analyst for Oregon says there is no problem supplying their needs for copy paper, and course paper (paper towels, etc.), but a sufficient quantity of fine printing paper is sometimes difficult to obtain. Oregon offers a 5 percent preference to bidders with recycled products. If a vendor's price is higher than five percent, two contracts will be let, one for the less expensive virgin paper, and one for the recycled paper. Each state agency can then decide if they wish to pay the higher price for the recycled paper. Although a five percent premium may be paid for recycled paper, the actual premium is lower, because the state receives a payment equaling about three percent for the paper they themselves recycle.⁷ Attachment B discusses Oregon's recycling laws.

I hope this information has been helpful. If you need additional information, please feel free to contact this office.

Attachments

⁵Personal communication, Byron Thompson, Purchasing Analyst, Purchasing Division, Department of General Services, State of Oregon, February, 1990.

⁶Personal communication, Lee Cooper, Procurement Director, Office of Procurement, Department of General Services, State of California, February, 1990.

⁷Personal communication, Byron Thompson, Purchasing Analyst, Purchasing Division, Department of General Services, State of Oregon, February, 1990.



Laurie Ferguson Craig

20 February 1990

TESTIMONY OFFERED FOR WRRAP ACT

Thank you for the opportunity to testify in support of this package of bills. The WRRAP Act offers positive, forward steps in protecting our environment from unnecessary waste while saving our natural resources through their careful reuse.

Many of us who grew up in a time when we were persuaded by advertisers that everything was manufactured for our "convenience" and that "no deposit - no return" thinking was our birthright, have come to see the consequences of our actions: Landfills are bulging, skies are bruised by polluted air from automobiles and incinerators, and surface water is concentrating chemicals and organisms that negatively affect drinking water sources.

In the next two months we will see the commemoration of two significant events: the oil spill and Earth Day. The wreck of the Exxon Valdez - in addition to shocking the world into the reality of the cost of our demand for resources - inspired the creation of the Valdez Principles, a set of ten

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guidelines to encourage corporate operations to function in an environmentally ethical manner. One of the provisions specifically addresses waste reduction, careful disposal and recycling. Corporations are discovering that they can no longer ignore consumer demand for ecologically responsible actions. Profits and good will both result from attention to environmentalism at corporate levels, according to the cover story of the current issue of FORTUNE magazine.

Preparations for the celebration of Earth Day 1990 on Sunday, April 22 are underway internationally as well as locally. It was the first Earth Day twenty years ago which provided the impetus for the establishment of the U.S. Environmental Protection Agency, which is now being upgraded to a cabinet level position by President Bush. Therefore, ~~for~~ your introduction of this group of bills is indeed timely.

In closing, I would like to briefly mention some statistics from Earth Care Papers' catalog of recycled paper products:

"Producing one ton of paper from discarded waste paper uses half the energy, half the water, results in 74% less air pollution, and 35% less water pollution, saves 17 pulp trees, reduces solid waste going to landfills, and creates five times more jobs than producing a ton of paper from virgin wood pulp."

I commend you for producing this package of bills and encourage you to provide adequate funding to the agencies designated to fulfill its mandate.

Jamie Ferguson Craig

My name is Theresa Scott. I am an early childhood administrator in the Juneau School District. Two years ago I started a recycling program at our school to promote recycling newspaper. Seeing these bills makes me very happy and hopeful. I encourage their prompt passage.

I would like to submit the following quotes taken from the "Earth Care Paper, Inc." recycled paper products catalog - a catalog that I use when ordering products for my program.

"The U.S. Forest Service is subsidizing use of virgin wood pulp by selling timber in our national forests below cost. The Forest Service, manager of 22% of the nation's timberlands, lost more than \$2 billion on its sales during the last 10 years. Taxpayers cover the cost of these subsidized timber sales and are effectively paying to shrink the market for recyclable waste paper.

"The Forest Service significantly lowers the price of virgin pulp by leasing large areas of national forest each year regardless of market demand. Limiting sales would make virgin pulp more expensive compared to waste paper pulp and would encourage paper companies to manufacture recycled paper instead of virgin paper.

"While the Forest Service encourages excessive timber harvesting, the world's forests are being cut faster than they grow. Tropical forests continue to be decimated partially due to pulpwood demand. Paper products use about 35 % of the world's annual commercial wood harvest and are projected to use 50% by the year 2000.

"The practice of selling timber below cost depletes wildlife habitat and forces continued reliance on virgin materials. Instead of doubling the timber harvest from national forests by the year 2030, as is currently planned, sales should be reduced as long as waste paper is underutilized. Setting aside publicly owned forests for wilderness and park land would assure forest protection and encourage paper manufacturers to buy waste paper.

"Further, recycled paper, because it requires up to 74% less energy than virgin paper production, is an effective way to scale back the pollutants that contribute to acid rain. Acid rain results from fossil fuel combustion, and the paper industry is the single largest industrial user of fuel oil.

"As citizens of the most consumptive nation in the world, we are easily caught up in the materialistic frame of mind where we take wastefulness for granted. Half of the paper consumed in the U.S. is used solely to wrap and decorate consumer products; most of it ends up in the

landfill where packaging constitutes one third of the volume. Considering the fact that packaging costs account for roughly 10% of the price of a bag of groceries, we could be saving money as well as resources by recuding excess packaging.

"To create a sustainable society, we need to implement the 3-R's: Reduce Waste, Reuse, and Recycle."

I look forward to seeing other bills coming out on recycling plastics and glass. Personally, I rarely buy products that are overpackaged or in packages that we can't recycle. I would love to see a bottle bill passed in Alaska!

Thank you for these bills.

Ten Key Components For A Successful Recycled Paper Purchasing Program

① Standard Definition of Recycled Paper

At a minimum, recycled paper should consist of 40% secondary fiber by weight of the paper, with no mill-generated waste counted as recycled content. Preferably it should also include 10% post-consumer content by weight.

② Mandatory Procurement Price Preference of Not Less Than 10%

③ Extension of Preferential Procurement Regulations to All Printing Contracts as well as Paper Contracts

④ Extension of Preferential Procurement Regulations to All Local Governments and State-Funded Institutions

⑤ Establishment of Minimum 25% Target Procurement Goal, with Record-Keeping to Track Success of Program and Adjust Procurement Policies as Necessary

⑥ Mill or Vendor Certification of Recycled Content

⑦ Market Recycled Paper Availability to Users and Publicize Usage

⑧ Allow Recycled Paper to Bid for the Primary Contract, Not a Supplementary Contract, and Insure that Specifications Do Not Preclude Recycled Paper

⑨ Award Recycled Procurement Price Preference Item By Item

⑩ Clarify and Improve General Bid Process: Simplify bids, clarify instructions, allow adequate delivery times, have experts available to answer questions, make results of bidding available next day

 **Conservatree Paper Company**

Since 1976 . . . The Leader in Quality Recycled Paper

Alaskans for Juneau
P.O. Box 22428
Juneau, AK 99801
463-5065

PETITION ON RECYCLING

We the undersigned believe that the U.S. government and, more specifically, the government of the State of Alaska should develop policies that would encourage, and provide initiatives for the development of the recycling industry within our state and our nation. Also, all communities and cities, because of the diversity throughout our state and nation, should be encouraged to research and establish specific recycling programs for their particular areas.

A viable and efficient recycling program would provide new jobs, add to our economic stability and diversity, encourage new technologies, and begin to establish that we, as Alaskans and U.S. citizens, are serious about our commitment toward ~~the~~ economy that is compatible with a healthy global environment.

DATE	NAME (please print)	ADDRESS
2/14/90	John Howe	6087 Thane Rd. 99801
2/14/90	David Ford	3181 Nowell Ave Juneau AK 99801
2/14/90	BETHANA F MITCHELL	3181 NOWELL AV JUNEAU 99801
2/14/90	David Sause	126 W. 7th Juneau AK 99801
2-14-90	CRAIG SANE	Box 33271 Juneau AK 99803
2-14-90	Carol Youngquist	995 Mendenhall Penn Rd Juneau 99801
2-14-90	CRAIG YOUNGQUIST	995 Mendenhall Pen Rd Juneau 99801
2-14-90	LAURIE FERGUSON CRAIG	10825 Glacier Hwy / PO Box 33306 / WU 99803
2/14/90	Tanis Pohl	PO Box 22314 Juneau AK 99802
2/14/90	BILL LEIGHTY	Box 020993 Juneau, AK 99802
	Cliff Meeker	600 No Douglas Juneau AK
2/14/90	Danielle McCarthy	6749 Sherri St. Juneau 99802
2-14-90	Shar La Chapelle	638 Gold St. Juneau 99801
2-14-90	Martha Moore	412 Fastineau Ave Apt 2 Juneau 99801
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Please return to Peregrine School, 4505 Wood Duck Avenue, Juneau AK 99801