

## NOTICE OF PROPOSED RULEMAKING

<b>Title 14:</b>	<b>Natural Resources</b>
<b>Division 7:</b>	<b>California Integrated Waste Management Board</b>
<b>Chapter 4:</b>	<b>Resource Conservation Programs</b>
<b>Article 1.1:</b>	<b>Recycling Market Development Zone Low-Interest Revolving Loan Fund</b>
<b>Article 1.2:</b>	<b>Leveraging The Recycling Market Development Zone Loan Fund</b>

### PROPOSED REGULATORY ACTION

The California Integrated Waste Management Board (CIWMB) proposes to amend Title 14, California Code of Regulations (14 CCR), Division 7, Chapter 4, Article 1.1, Sections 17930-17936 and add Article 1.2, Sections 17939.1-17939.5. The proposed regulations in Article 1.1 are intended to reflect the passage of AB 1364 (Migden), Stats. 1999, c. 467, which recodified Article 3 of Chapter 1 of Part 3 of Division 30 of the Public Resources Code (sections 42010, et seq.) to make the Recycling Market Development Revolving Loan Program sustainable over the long-term and to make minor technical changes in the Loan Program. The proposed regulations in Article 1.2 will clarify the Board's authority in Public Resources Code (PRC) Sections 42023.6 and 42024 to use Recycling Market Development Revolving Loan Funds to stimulate more private lending to recycling-based businesses through loan leveraging techniques.

### WRITTEN COMMENT PERIOD

Any interested person or his or her authorized representative, may submit written comments relevant to the proposed regulations to the CIWMB. **The written comment period for this rulemaking ends at 5:00 p.m. on July 12, 2004.** The CIWMB will also accept oral and written comments during the public hearing described below. Please submit your written comments to:

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California Integrated Waste Management Board  
Waste Prevention and Market Development Division  
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E-mail: [jnuffer@ciwmb.ca.gov](mailto:jnuffer@ciwmb.ca.gov)  
Fax: (916) 319-7219  
Phone: (916) 341-6527

## **PUBLIC HEARING**

A public hearing to receive comments on the proposed rulemaking will be scheduled for a meeting of the California Integrated Waste Management Board, in the Central Valley Auditorium at the Joe Serna, Jr. Cal/EPA Building, 1001 I Street, 2<sup>nd</sup> Floor, Sacramento, California. The hearing will begin at 9:30 A.M. on August 10, 2004 and conclude after all testimony is given. The CIWMB requests that persons who make oral comments at the hearing also submit written copies of their testimony at the hearing. The Central valley Auditorium is wheelchair accessible.

## **INFORMATIVE DIGEST**

The Integrated Waste Management Act (Act), Public Resources Code (PRC) Section 40000 et seq., provides for the protection of public health and safety and the environment through waste prevention, waste diversion, and state waste processing and disposal. PRC Section 40502 requires the CIWMB to adopt rules and regulations to implement this Act. PRC Section 42023.1 established the Recycling Market Development Zone (RMDZ) Program, which supports CIWMB's goals of waste prevention and waste diversion.. This section authorizes the CIWMB to make loans to recycling-based businesses within Recycling Market Development Zones.

The California Code of Regulations, Title 14, Division 7, Chapter 4, Article 1.1 implements the RMDZ Loan program. With the Loan Program, the CIWMB is able to finance the start up and expansion of recycling-based businesses, which banks often hesitate to fund. The proposed regulations incorporate technical changes into Article 1.1 and add Article 1.2 that will allow the Board to use RMDZ Loan Funds to leverage private funds. Article 1.2, for example, will allow the CIWMB to participate in the State Small Business Loan Guarantee Program. This program will allow the CIWMB to use \$1 in RMDZ Loan Funds to generate \$4 in private lending to the recycling-based businesses. This will stimulate additional business activity throughout California, creating jobs, sales and tax revenue. It also will help local governments meet their state-mandated waste diversion requirements.

## **POLICY STATEMENT OVERVIEW**

The CIWMB determined that existing regulations in the California Code of Regulations, Title 14, Division 7, Chapter 4, Article 1.1, Sections 17930-17936 are cumbersome and do not fully reflect previous changes in statute. In addition, Sections 17939.1-17939.5 should be added to clarify the Board's authority to use Recycling Market Development Loan Funds as leverage or stimulate more private lending to recycling-based businesses.

## **PLAIN ENGLISH REQUIREMENTS**

CIWMB staff prepared the proposed regulations pursuant to the standard of clarity provided in Government Code Section §11349 and the plain English requirements of Government Code Sections 11342.580 and 1134.2(a)(1). The proposed regulations are considered non-technical and can be easily understood by those who will use them.

## **AUTHORITY AND REFERENCES**

PRC Section 40502 provides authority for these proposed regulations. The purpose of the proposed regulations is to implement, interpret and make specific PRC Sections 42023.1 through 42024.

## **FEDERAL LAW OR REGULATIONS MANDATE**

Federal law or regulations do not contain comparable requirements.

## **MANDATE ON LOCAL AGENCIES OR SCHOOL DISTRICTS**

CIWMB staff determined that the proposed regulations will result in no costs or savings to any state agencies, no costs to any school districts that are required to be reimbursed under part 7 (commencing with Section 17500) of Division 4 of the Government Code, no other non-discretionary costs or savings on local agencies or school districts, and no costs or savings in federal funding to the state. CIWMB staff also determined that the proposed regulations do not impose a mandate on local school districts.

These regulations, in fact, will help local governments meet their state-mandated 50% waste diversion requirement by assisting businesses that divert material from the waste stream and/or make new products out of recycled material.

## **EFFECT ON HOUSING COSTS**

CIWMB staff determined that the proposed regulations would have no effect on housing costs.

## **EFFECT ON BUSINESSES**

CIWMB staff determined that the proposed regulations would not have a significant, statewide adverse economic impact on businesses, including the ability of California businesses to compete with businesses in other states. In fact, these regulations are designed to make it easier for businesses to obtain financing for start up and expansion, creating an incentive to conduct business in California.

## **EFFECT ON SMALL BUSINESSES**

CIWMB staff determined that the proposed regulations would not have a significant, statewide adverse economic impact on small businesses. The proposed regulations clarify the Board's authority to leverage Recycling Market Development Revolving Loan Funds and to participate in the State Small Business Loan Guarantee Program (SSBLG). The SSBLG program provides a guarantee of repayment, thereby encouraging private lenders to make loans to small businesses, which might not otherwise be able to obtain reasonable financing for start up or expansion.

## **EFFECT ON CREATION OR ELIMINATION OF JOBS, EXISTING OR NEW BUSINESS IN THE STATE OF CALIFORNIA**

CIWMB staff has determined that the proposed regulatory action will promote: 1) the creation of jobs within the State of California; 2) the creation of new businesses with California; and 3) the expansion of businesses currently doing business with the state. Air Resources Board (ARB) staff in the Agency-wide Economic Analysis Unit analyzed the economic impact of the proposed action. The economic analysis indicates that this action will stimulate economic development and create jobs.

The proposed regulations will not eliminate jobs or businesses in California, and will not affect the expansion of businesses currently doing business in California.

## **COST IMPACTS ON REPRESENTATIVE PRIVATE PERSONS OR BUSINESSES**

CIWMB staff analyzed the economic impact of the proposed action and found that there would not be a significant, statewide adverse economic impact on businesses. In addition, Air Resources Board staff in the Agency-wide Economic Analysis Unit reviewed the proposed action and found "the proposed regulation would modify a very low-cost, high-benefit program by increasing the level of potential participation."

## **CONSIDERATION OF ALTERNATIVES**

The CIWMB must determine that no reasonable alternative considered by the CIWMB, or that has otherwise been identified and brought to the attention of the CIWMB, would be more effective in carrying out the purpose for which the action is proposed, or would

be as effective and less burdensome to affected private persons than the proposed action. The CIWMB invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations during the written comment period.

## **CONTACT PERSONS**

Inquires concerning the proposed administrative action or the substance of the proposed regulations may be directed to:

John Nuffer  
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Waste Prevention and Market Development Division  
P.O. Box 4025, M.S. 11  
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Back-up contact person to whom inquires concerning the proposed administrative action or the substance of the proposed regulations may be directed:

Jim La Tanner  
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## **AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS**

The CIWMB will have the entire rulemaking file and all information upon which the proposed regulations are based available for inspection and copying throughout the rulemaking process at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulations, and the initial statement of reasons. Copies may be obtained by contacting John Nuffer at the address, e-mail, or telephone number listed above. For more timely access to the proposed text of the regulations and in the interest of waste prevention, interested parties are encouraged to access the CIWMB's website at <http://www.ciwmb.ca.gov/Rulemaking/RMDZ/>.

Additionally, the final statement of reasons will be available at the above listed Internet address or you may call the contact persons named above.

## **AVAILABILITY OF CHANGED OR MODIFIED TEXT**

The CIWMB may adopt the proposed regulations substantially as described in this notice. If the CIWMB makes modifications which are sufficiently related to the proposed text, it will make the modified text – with changes clearly indicated – available to the public for at least 15 days before the CIWMB adopts the regulations as revised. Requests for the modified text should be made to the contact person. The CIWMB will mail any modified text to all persons who testify at a public hearing if one is held; all persons who submit written comments at a public hearing; all persons whose comments are received during the comment period; and all persons who request notification of the availability of such changes. The CIWMB will accept written comments on the modified regulations for 15 days after the date on which they are made available.