

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2679

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JUNE 22, 2021

SUMMARY

- Synopsis:** Requires paint producers to implement or participate in paint stewardship program.
- Type of Impact:** Increased annual State revenues and expenditures.
- Agencies Affected:** Department of Environmental Protection.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Expenditure Increase		Indeterminate	
State Revenue Increase		Indeterminate	

- The Office of Legislative Services (OLS) estimates that the bill would result in a marginal annual State expenditure increase, since it requires the Department of Environmental Protection (DEP) to review all architectural paint stewardship plans and amendment submissions. At a minimum, a new full time staff member may be required to perform these functions at total annual compensation in the range of \$80,000 to \$120,000, plus additional costs for equipment and technology.
- The OLS also finds there would be an annual State revenue increase roughly equal to the expenditure described above, as the DEP is required to charge and collect an annual fee from architectural paint producers to cover its costs in administering the bill’s provisions.

BILL DESCRIPTION

The bill requires each architectural paint producer, or organization representing multiple paint producers, to submit a paint stewardship plan to the DEP for review. This plan would outline the ways in which the paint manufacturer or representative organization would assume responsibility for transporting, reusing, recycling, or otherwise disposing of unused paint collected from consumers.

The DEP would be required to approve or disapprove of the proposed stewardship plan. The bill also requires paint producers to notify the DEP if there are any changes to the location or number of collection sites, the identity of the processors that manage the post-consumer architectural paint, or the transporters of the post-consumer architectural paint collected by the program. The bill establishes a “paint stewardship assessment” to fund the program; this assessment will be applied to the sales price of architectural paint and is not to exceed the costs of the new program. The producer or representative organization would be required to submit amendments if there is any change to the amount of the paint stewardship assessment or the goals of the architectural paint stewardship program. The DEP will review annual reports from each paint producer or representative organization on the status of its paint stewardship plan.

The bill also directs the DEP to charge and collect an annual administrative fee from each paint producer or representative organization that submits a stewardship plan. The bill specifies that the fee is not to exceed the department’s costs in administering the provisions of the bill.

A producer, distributor, or retailer would not be authorized to sell architectural paint in the State unless the producer or representative organization is currently implementing, or has fully implemented, a plan approved or revised by the DEP. The legislation provides that any producer, distributor, or retailer who fails to comply with the bill’s sales prohibition is subject to a written warning for a first offense, and a penalty of \$500 to \$1,000 for each subsequent offense.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will likely result in a marginal increase in annual State expenditures and revenue. The OLS notes that the majority of the costs of transporting and disposing of paint in conformance with each producer’s stewardship plan would be passed on to consumers in the form of a surcharge included in the price of each unit of paint.

The bill requires the DEP to receive paint stewardship plans from producers, review the plans within 90 days of filing, approve or disapprove the plans, review amendments to the plans, post information about the plans on the DEP’s website, and review annual reports submitted by paint producers on the status of their stewardship plans. The bill provides a general framework for items that are required to be included in each plan, however the amount of labor that will be required to review the plans depends partly on the details decided upon at the DEP. The bill also allow paint producers to collaborate on stewardship plans, so it is unclear how many different plans the DEP will be required to review. However, it is likely that the DEP will need a dedicated staff member with expertise in product stewardship and recycling to evaluate the plans submitted under the bill. At a minimum, a new full time staff member may be required to perform these functions at total annual compensation in the range of \$80,000 to \$120,000, plus additional costs for equipment and technology.

The OLS also finds there would be a State revenue increase roughly equal to the expenditure described above, as the DEP is required to charge and collect an annual fee from architectural paint producers to cover its costs in administering the bill’s provisions.

The bill permits the DEP to assess civil penalties of \$500 to \$1,000 for second and subsequent offenses. In the event that paint producers, distributors, or retailers fail to comply with the bill and

the DEP chooses to enforce it aggressively, this could represent an additional expenditure increase. However, it is unlikely that the revenues generated by civil penalties would equal this increased expenditure, given the amount of the maximum penalty.

Section: Environment, Agriculture, Energy and Natural Resources

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).