

Financial Benefits for Local Government from Oregon's Paint Stewardship Law



Under a new state law passed on July 23, 2009 in Oregon, manufacturers of architectural paint within the state will be responsible for financing and operating a product stewardship program to collect, transport, and safely manage leftover latex and oil-based paint. Oregon's paint stewardship law will save local governments money. These benefits will vary depending on the types of leftover paint management services these governments currently offer.

For agencies like Metro regional government, which already has a strong program in place to collect, transport, and recycle leftover paint, the law will result in **direct cost savings**. In that case, the costs paid by Metro to manage leftover paint will be picked up by paint manufacturers and passed on to consumers. By contrast, for communities that currently do not provide any leftover paint management services, financial benefits will take the form of **expanded service** as they become able to provide a leftover paint stewardship program on par with Metro's. Most communities, however, provide leftover paint management service that is somewhere between Metro's premier program and those that have no service. For such communities, financial benefits include **both** direct cost savings and expanded service.

The three examples below illustrate these three cases. One is for Metro regional government, and the two others are hypothetical examples.

Metro Regional Government

Financial benefits from Oregon's Paint Stewardship Law for a region with a comprehensive government-financed leftover paint management program

Metro is a regional government agency serving 25 cities in the Portland, Oregon metropolitan area, with a total population of about 1.4 million. Metro collects close to 300,000 gallons of architectural paint at its household hazardous waste facilities and events annually, about two thirds of which is latex paint, one third oil-based. Metro's net cost for managing latex paint is under \$2.00 per gallon,¹ and its cost for managing oil-based paint is about \$6.00 per gallon. The new paint stewardship law will eliminate the greater than \$1 million annual burden on Metro by transferring the financial responsibility to paint manufacturers. Direct cost savings equal at least \$1 million.

¹ For most communities, the cost of leftover paint management would be considerably higher, about \$8 per gallon on average. Metro offsets its costs with revenue it receives from running a recycled paint manufacturing plant where it reformulates collected latex paint into a recycled architectural paint product available for purchase at retail locations in Oregon and Washington. Metro reports having earned just under \$1 million in sales revenue from MetroPaint in its most recent fiscal year.

Region #2

Financial benefits from Oregon's Paint Stewardship Law for a region with a modest government-financed leftover paint management program

This solid waste district serves a population of over 80,000. Although the county runs a fully operational household hazardous waste collection program, it has not been able to reach the substantial level of collection achieved in Metro. In 2008 the county reports having collected 10,862 gallons of architectural paint at its household hazardous waste facilities, at a total cost of \$86,896. Under the new paint stewardship law, Region #2 is expected to achieve direct cost savings of that amount as manufacturers pay to collect and recycle leftover paint. As the new collection infrastructure expands over time, it is expected that more paint will be collected in this county. If the county were to collect all paint available for collection, the value of the expanded paint stewardship program would be \$73,104 for a total financial benefit of \$160,000.²

² We use the following formula to estimate the value of expanded service:

(County population * gallons of leftover paint generated per capita * average cost for appropriate disposal per gallon)-direct cost savings=Expanded Service. For Region 2: 80,000 * .25 * \$8)-86,896=\$73.104.

Region #3

Financial benefits from Oregon's Paint Stewardship Law for a region with no government-financed leftover paint management program

This county, despite comprising almost ten percent of the total area of Oregon, serves a small population of just over 6,700 people. Unlike Metro regional government and Region #2, this region does not offer any household hazardous waste collection services to the public. Although the county operates six sanitary landfills within its jurisdiction, these sites are legally prohibited from accepting any latex or oil-based paint. Under the new paint law, this county stands to benefit greatly from the new collection infrastructure established by paint producers. As the county is not currently spending money to handle these products, they will not see any direct cost savings from the producer responsibility law. We estimate the value of the expanded paint stewardship program to be \$13,400.³

³ For Region 3, where there are no direct cost savings because there is no government-financed leftover paint management program, the calculation is as follows:

6700 * .25 * \$8 = \$13,400.