Texas Clean & Healthy Initiative

Economic development fund for community waste management and public health measures through rebate system on commonly littered, recyclable materials.









PER UNIT
COLLECTION AT ►
POINT OF SALE

WEIGHT BASED
REBATE TO
CONSUMER

WEIGHT BASED
HANDLING PAYMENT ►
TO PROCESSOR

TARGETED
COMMUNITY GRANTS
FOR PUBLIC HEALTH

User fee would be applied to all <u>single use</u>, <u>take-away</u> (<u>carry-out</u>) <u>bags</u>, <u>single use drink cups</u>, and <u>PET beverage containers</u>.

System would utilize current processes for retail to remit funds to state, i.e., sales tax, with no mandates for distributer or retail pre-payment, storage, or back-hauling.

Financial modeling demonstrates financial sustainability as capture rates increase with user fees between 1-5 cents/unit and \$0.25-\$1/pound rebate. (see below figure)

Rebate would be available to film plastic, single use drink cups, and PET beverage containers.

Consumers donate material by continuing curbside collection, allowing the municipalities to collect the per pound rebate on eligible materials. Collection by civic or other community groups, drop-off centers, events, etc., could also collect the rebate on donated material.

Industry consortium guides system management, including material inclusion and specifications, funding levers, recycling processes, end markets, etc.

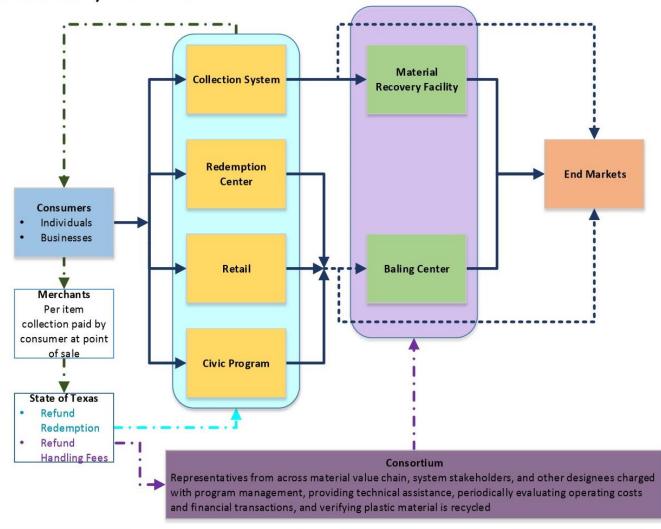
Handling payments (\$0.60/pound in urban areas and \$0.90/pound in rural areas) to processors of eligible material that is sold to a verified end market, example MRFs, retail, bailing operations, etc.

Provides annual grants direct to counties for litter enforcement, program education, and recycling partnership for infrastructure, etc.

Net revenue will build savings account to maintain positive balance, adjust handling payments in case of market fluctuation or weight variability, increase rebate to boost capture rates, etc.

| System eligible material per capita usage rates | \$0.01/item | \$0.05/item |
|---|-----------------|--------------------|
| Annual Revenue Total | \$333,431,231 | \$1,667,156,155 |
| Potential cost to consumer (per capita) | ~\$4/year | ~\$20/year |
| @ Current Recycling Rates | Rebate @ 25¢/lb | Rebate @ \$1.00/lb |
| Rebate expenditures | \$26,917,683 | \$107,670,731 |
| Handling payments | \$69,544,525 | \$69,544,525 |
| Annual Net Revenue | \$236,969,023 | \$1,489,940,899 |

Stakeholders and System Process



Point of Sale

Consumers pay 1¢ per

plastic bottle or bag to

State uses collection to

recyclers and to refund

refund redemption to

Merchants send

handling fees to

Consortium

collection to State

merchant at point of sale

Recycling Options

- Consumers choose option for recycling eligible plastic items
- Collector pays consumer 25¢ per pound of eligible plastic
- Collector verifies quality of the plastic
- Collector sends record of rebates paid to the State to receive refund

Processors

- Plastic material sent to processors to be prepared for sale or sold directly to end markets
- Processor sends report to Consortium including quantity of material processed and confirming sale to end market
- Consortium reviews report and pays processor a handling fee when plastic material is recycled by end market

End Markets

- End markets pay processors commodity price for recyclable plastic material
- End market sends report to Consortium confirming plastic material was recycled

Legend

Solid arrows denote material flow

Dashed arrow indicates alternate material flow

Green dashed-dot arrow indicates financial flow



Aqua dashed-dot arrow indicate refund redemption refund flow
 Purple dashed-dot arrows indicate handling fee refund flow