

Word is Spreading that Scrap is NOT Waste

They say that when China sneezes, the world catches a cold. This is certainly coming to fruition as the Chinese government's scrap import restrictions – although not officially in place – have already changed the nature of global scrap trade. But can the same also be true that when China changes a paradigm the rest of the world could stand up and listen? **We might have that opportunity now.**

In November, ISRI attended the China Nonferrous Metals Association (CMRA) annual convention.

- The event took place under the gloom of China's evolving regulatory structure.
- Attendance was significantly lower with the exhibit hall being one-third of last year's convention.

In a surprisingly open dialogue session, **Chinese companies were worried about their future** under the new regulations. But, there were no government officials in the room.

Earlier in the day, there was a veritable **parade of government officials** present from various agencies that have responsibility over the recycling industry.

- The CMRA convention was just weeks after the conclusion of the 19th Party Congress which is a major political event that happens only every five years.
- Each official reiterated the **government's intent to improve environmental conditions.**
- They explained how **increasing domestic recycling** while curbing "solid waste" imports would contribute to the ultimate goal of a "Beautiful China" by the year 2035.
- The biggest surprise of all was a presentation by the Ministry of Environmental Protection (MEP) acknowledging that **trash and scrap are handled differently.**
- MEP said more effort should be made to **educate the Chinese people** about the differences between scrap and waste.
- MEP said the 19th Party Congress' final document acknowledges this distinction.

Why it's important:

ISRI has been fighting for years to increase awareness that scrap is not waste. For China, more clear distinctions in rules and regulations could prevent unwanted trash from accumulating in China but not at the detriment of high value scrap commodities in great demand by China's manufacturers. This recent announcement by the Chinese government is just one step. There would be reams of Chinese legislation and regulations to modify in order to make laws on solid waste that also impact scrap conform with this changing policy direction. But, it is an important step forward and possibly the start of a wave that could spread to other regions in the world.

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Federal Environmental Justice Legislation Introduced

Congressman John Lewis (D-GA), introduced the Environmental Justice Act of 2017 – HR 270.

- The bill amends the Internal Revenue Code of 1986 to **provide support to environmental justice** (EJ) communities and projects.
- The bill provides **credits to nonprofit (501(c)(3) organizations** against taxes imposed on wages paid to employees for providing assistance to EJ communities or projects.

Senator Cory Booker (D-NJ) introduced an environmental justice bill - S.1996.

- **The bill protects** low-income and minority communities from environmental problems.
- **The bill requires** federal agencies to address environmental justice through agency actions and permitting decisions.
- **The bill strengthens** legal protections against environmental injustice for communities of color, low-income communities, and indigenous communities.
- **Citizens have the right to bring actions under the Civil Rights Act** against entities engaging in discriminatory practices.
- **A total of six bills and one resolution addressing environmental justice** have been introduced in the first session of the 115th Congress.

Why it's important:

At the local level, more and more communities appear to be taking EJ seriously. Whether or not S. 1996 has any traction in the Congress, scrap recyclers will need to think about the impact of their operations on their surrounding communities.

- ISRI has developed **draft guidance to help scrap recyclers** that work with EJ communities proactively or to respond to environmental justice claims and work with communities to seek possible remedies.

New EJ Working Group

ISRI recently announced that it has formed an Environmental Working Group.

- Colin Kelly, Chairman of ISRI's Government Relations Committee expects the group to meet telephonically in the first or second week of December 2017.

- The group will review and comment on the draft guidance and address EJ matters that affect the scrap recycling industry.

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For a copy of HR 270, Congressman Lewis' environmental justice bill, go to [Congress.gov](#). At the top of the page, in the box to the right of "Current Legislation," type HR 270, press "enter," and the bill comes up. Then click the "Text," tab. Follow the same directions to view Sen. Booker's EJ bill, S 2996. (To see all bills and the resolution introduced in the Congress in 2017, type environmental justice in the box at the top of the [Congress.gov](#) page to the right of "Current Legislation."

Congress Releases Comprehensive Tax Reform Package

The U.S. House of Representatives and Senate have released their respective versions of comprehensive tax reform packages which would lower rates and eliminate deductions in order to simplify the tax code for many companies and individuals.

The House of Representatives and U.S. Senate each passed their versions of tax reform in the last couple of weeks.

- **Depreciation or expensing for capital** would be enlarged to 100% in the first year. The provision would sunset (expire) in five (5) years. Currently, qualified recycling equipment may be expensed at 50% in the first year.
- **IC-DISC survived in the Senate version** after it was slated to be eliminated. The House version did not include an alienation provision.

With several policy differences between the two proposals, both Chambers must reconcile their bills before going to the president for his signature.

- Both Chambers will soon vote to 'Conference' their respective bills together.

Why it's important:

Scrap processing is a capital-intensive industry with many scrap processors filing their taxes as "pass-through" entities. Lowering tax rates, expanding expensing, and eliminating certain favorable tax allowances could have **significant impacts on most scrap companies** large and small.

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The Federal Government is planning for Potential Recycling of Vehicles in the Aftermath of Disasters

Federal agencies are thinking strategically about how to recycle damaged vehicles resulting from a disaster event, such as a flood, hurricane, earthquake, dirty (nuclear) bomb, nuclear attack, chemical attack (e.g., ricin) or biological attack (e.g., anthrax).

- **A partial snapshot of on-going federal research and thinking on this topic** was provided at a workshop of U.S. EPA's, National Homeland Security Research Center.
- **Federal research on such damaged vehicles matters** because recycling as many and as much of these vehicles as possible is a high priority, as it can address a number of foreseeable issues:

Landfilling these vehicles (with or without decontamination) would be hugely expensive, pose other risks, and take up a lot of landfill space elsewhere.

The quantity of these vehicles represents a huge amount of value that should be preserved as much as possible.

Why it's important:

Researchers do not fully understand the recycling industry but plan on having the cooperation and assistance of the industry in recycling these vehicles. Failure to understand the industry could doom their efforts.

Important research questions include:

- How many damaged vehicles can be expected in the aftermath of any disaster event?
- How and where can they be moved safely and quickly, and stored for how long?
- Can they be decontaminated and, if so, how clean is clean?
Often, these vehicles are "totaled" and ought not be able to be sold to unsuspecting purchasers
- What are the roles of government and the private sector, especially the recycling industry?

This Workshop made clear via the presentations that government needs to have a good disaster response plan that incorporates lessons learned from (at least) Hurricane Sandy and Fukushima (nuclear disaster). Being unorganized or disorganized is a threat multiplier. *Key relationships (including with the recycling industry) need to be made in advance.*

- **ISRI had the opportunity at the Workshop to explain** that the recycling industry does not handle waste and will not accept waste for recycling, especially radioactive and biohazard

material. Also, a host of potential regulatory (not just RCRA) and liability issues exist under post-disaster conditions and would need to be addressed.

- **Because of the Workshop**, the government attendees have a better understanding of the recycling industry and how the industry can help them to achieve their objectives. While next steps are not known yet, ISRI is now on their radar.

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Incineration is Not Recycling

State and local governments are becoming worried with the news about China banning lower quality commodity imports and are looking for new methods to deal with their solid waste issues. The problem is that there is a lot of confusion as to what this all means and it has opened the door for the spread of misinformation leading to some outright irresponsible decisions by local government.

Why does this matter?

Valuable commodity recyclable material is being swept into collection systems that ultimately end with incineration and not recycling.

- **With landfill costs increasing** along with the costs of curbside recyclable collection, many waste-to-energy advocates and companies are stepping in to offer what government wants to hear but what industry knows is too good to be true.
- **A state senate leader from a U.S. western state recently told ISRI** of his visit to a German waste-to-energy facility whose owner claimed to be able to solve essentially all of the solid waste problems in the U.S. without any government subsidies.

The company sold the senator on its proprietary technology that separates solid waste from recyclable material, which it claims can then be “sold as a genuine high-quality raw material” for the manufacturing process.

The senator was convinced and indicated he felt the U.S. recycling industry would not be impacted at all if this technology went mainstream in the U.S. as he was led to believe it is in Germany.

The Problem:

If it walks like a duck and talks like a duck, well then....

- **Incineration is not a form of recycling.** Collecting and burning recyclables is not recycling in practice or intent.

These are waste-to-energy proposals being mislabeled as recycling in order to generate public support by citizens who want to recycle.

- **Recycling offers critical economic and environmental benefits**, which incineration literally destroys.

Once the commodity is incinerated, it is gone forever never to be reused again, thus increasing the need for virgin material. This is simply irresponsible.

- **Recycling is a series of activities** in which material is processed into specification-grade commodities, and consumed as raw-material feedstock, in lieu of virgin materials, in the manufacture of new products.

The series of activities that make up recycling, include the collection, processing, brokering, and subsequent consumption of industrial, end-of-life and obsolete scrap, as well as the process of transforming used products, whole or in part, into reusable commodities.

- **Waste-to-Energy** proposals that claim to remove recyclable materials typically focus primarily on extracting metal commodity materials after the incineration process, at a much reduced value than would be obtained if sorted prior to being put into the furnace.

Why it's important:

While waste-to-energy technology serves a specific purpose in limited instances, it is not the solution to localities' troubles with solid waste and low quality recyclable issues.

- The reason China is misclassifying some recyclables as solid waste in its import bans is a problem of quality.
- Citizens want to recycle and government needs to invest in its public education and sorting programs.

How can ISRI Members Help?

You can help by being vigilant in your communities and speaking up when you hear of proposals to invest in waste-to-energy facilities and programs. Simply burning the problem away is not the solution.

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Cash is Almost King

Chicago is considering banning the cashless business model. Recently, Chicago Alderman Ed Burke introduced an ordinance in October aimed at curbing the emerging trend of so-called “no-cash” policies at local retail and restaurant businesses.

- **Restricting the ability to buy goods with cash is bad for business**, according to proponents of the ordinance ([O2017-7145](#)), who claim that...

...while such policies allow businesses to “lessen staff training, security measures, and bookkeeping processes” they can be inherently discriminatory to those who are “low or fixed income, homeless, undocumented, young, or victims of identity theft.”

- **The sponsor is a former Chicago police officer** who— at the age of 73 - with 48 years of service as a city Alderman – now controls the city’s purse strings and is responsible for all legislative matters pertaining to the city’s finances.
- **The ordinance says that by going cashless**, local businesses would be forced to drive up prices to compensate for the increase in credit card transaction fees -- “a business cost typically passed on to consumers.”
- **Banning cash can be costly and discriminatory.** ISRI has said this repeatedly over the years as localities have sought to **restrict the use of cash in scrap transactions** under the guise that it helps deter metals thieves.

Now, one might argue that it seems the “Dean of the Chicago City Council” may agree.

- The ordinance is modeled on the principle outlined by a Massachusetts state law from 1978:

"[n]o retail establishment offering goods and services for sale shall discriminate against a cash buyer by requiring the use of credit by a buyer in order to purchase such goods and services; and retail establishments must accept legal tender when offered as payment by the buyer."

Why it’s important:

Perhaps there is something to this line of thinking that scrap dealers can use in the fight to maintain the right to pay customers in cash.

- While courts have deemed that the ability to purchase and the ability to pay should be viewed differently (a position ISRI strongly argued against (in at least) two court proceedings)...

...it seems that there remains a contingent of policymakers who still believe cash is king, or at least a preferred method of business that should not be restricted.

Interestingly, both Massachusetts and Illinois are among the few states left with minimal payment restrictions on scrap transactions.

What's Next?

The ordinance was introduced at the Chicago City Council's October 11 meeting and was referred to the Committee on License and Consumer Protection where it sits awaiting action.

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Post-Thanksgiving Overweight Restrictions

No, it has nothing to do with how much turkey and fixins' were consumed over the recent holiday, but driving in the **western parts of Pennsylvania** did just get more sensitive to the scale.

West Mead Township, Pennsylvania, has set new truck weight limits for local roads.

- The new ordinance ([DOC101117-10112017095830.pdf](#)) limits the weight of vehicles driving on certain township roads to a 10-ton maximum.
- The ordinance cited fears of serious road damage and subsequent costs as the main reason for its enactment.
- In the interest of protecting local business, the ordinance includes exemptions for local traffic and those who apply for a conditional permit.

Why it's important:

Those who exceed the weight limits without a permit can expect to pay an initial fine of \$75, with the possibility of additional fines depending on the vehicle's weight.

The ordinance took full effect on October 16.

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