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California Resource Recovery Association

May 4, 2009

Honorable Nancy Skinner, Chair
Assembly Natural Resources Committee
State Capitol
Sacramento CA 95616

**Re: Support for AB 1581 (Skinner)
Opposition to SB 390 (Kehoe)**

Dear Chair Skinner,

The CRRA supports AB 1581, which would extend the sunset of the Recycled Market Zone Development (RMDZ) loan program until 2015. AB 1581 would allow local RMDZ administrators and the California Integrated Waste Management Board (CIWMB) to build on the \$100 million already lent for over 150 projects to recycling-based entrepreneurs since 1993.

We oppose SB 390 (Kehoe), sponsored by the CIWMB, because it will allow RMDZ loan funds in excess of \$5 million in any year to be loaned at between \$2 million and \$5 million on a single project. This would more than double the current limit of \$2 million per project. SB 390 contains no safeguards to ensure that the overall loan fund will be recapitalized if funds are loaned out on larger projects in certain zones. The fund could go from its current total reserves of \$13 million to under \$5 million in just one or two years of strong demand.

We applaud the CIWMB plans to expand the RMDZ program to its statutory limit of 40 zones in the next year, but this is likely to increase overall demand for loan funds. RMDZ loans initially were funded through a guaranteed annual set aside from the statewide landfill surcharge. Absent such a set aside, the loan fund is precarious enough without increasing the project limit.

CRRA supports the continued and responsible investment in California's recycling markets represented by AB 1581. Thank you for your sponsorship of AB 1581.

J. Muir

Julie Muir
President, CRRA

Cc: Senator Christine Kehoe
Elizabeth Huber, Legislative Director, CIWMB
Steve Lautze, California Association of RMDZ

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