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H. R. 1525

To amend the Solid Waste Disposal Act to require the Administrator of the Environmental Protection Agency to establish a recycling credit system for carrying out recycling of used oil, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 7, 1995

Mr. TORRES (for himself, Mr. ACKERMAN, Mr. BEILENSON, Mr. BERMAN, Mr. BONIOR, Mr. BROWN of California, Mr. BRYANT of Texas, Mr. DELLUMS, Ms. ESHOO, Mr. EVANS, Mr. FATTAH, Mr. FAZIO of California, Mr. FILNER, Mr. FRANK of Massachusetts, Mr. FROST, Ms. HARMAN, Mr. KLECZKA, Mr. LIPINSKI, Mrs. LOWEY, Mr. MCDERMOTT, Mr. MILLER of California, Mr. MINETA, Mr. MORAN, Ms. PELOSI, Mr. ROMERO-BARCELÓ, Ms. ROYBAL-ALLARD, Mrs. SCHROEDER, Mr. SERRANO, Mr. VENTO, Mr. WALSH, Ms. WATERS, Mr. WAXMAN, Ms. WOOLSEY, and Mr. YATES) introduced the following bill; which was referred to the Committee on Commerce

A BILL

To amend the Solid Waste Disposal Act to require the Administrator of the Environmental Protection Agency to establish a recycling credit system for carrying out recycling of used oil, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Oil Recycling Incentives Act”.

4 **SEC. 2. FINDINGS.**

5 The Congress finds the following:

6 (1) The generation of solid and hazardous
7 waste has grown to alarming proportions in the
8 United States. Each person in the United States
9 throws away 3.6 pounds of garbage every day—
10 enough annually to fill a convoy of 10-ton garbage
11 trucks 145,000 miles long, which is the equivalent of
12 half-way to the moon or roughly 7 times around the
13 equator.

14 (2) Frequently economic incentives are not sufficient to encourage waste minimization and responsible environmental behavior, and such incentives actually may favor increased waste generation and improper behavior.

19 (3) A system of economic incentives targeted at waste reduction and recycling together with responsible regulation of recycling activity can reduce both the amount and toxicity of materials entering the environment.

24 (4) In particular, there is a need to encourage greater recycling of used oils. Americans are improperly pouring on the ground or into sewers, placing

1 in landfills, or improperly burning over 400 million
2 gallons of such oil per year. This is equivalent to
3 more than 35 Exxon Valdez spills. In addition to
4 fouling the environment, this depletes oil resources
5 and increases the Nation's reliance on foreign oil.

6 (5) The Administrator of the Environmental
7 Protection Agency requires additional statutory au-
8 thority to address situations in which economic in-
9 centives to encourage waste reduction and respon-
10 sible environmental behavior are not adequate.

11 **SEC. 3. USED OIL RECYCLING REQUIREMENTS.**

12 (a) IN GENERAL.—Subtitle C of the Solid Waste Dis-
13 posal Act (42 U.S.C. 6921 et seq.) is amended by redesi-
14 gnating sections 3015 through 3023 as sections 3016
15 through 3024, respectively, and by inserting after section
16 3014 the following new section:

17 **“SEC. 3015. RECYCLING REQUIREMENTS FOR USED OIL.**

18 “(a) GENERAL REQUIREMENT.—(1) During the pe-
19 riod beginning not later than 24 months after the date
20 of the enactment of the Oil Recycling Incentives Act and
21 ending 10 years after such date, a producer or importer
22 of lubricating oil each year shall recycle, using a method
23 described in paragraph (2), an amount of used oil equal
24 to at least that amount of oil determined by—

1 “(A) multiplying the lubricating oil produced
2 for domestic use or consumption or imported that
3 year by such person, by

4 “(B) the recycling percentage established by the
5 Administrator under subsection (b).

6 “(2) A producer or importer of lubricating oil may
7 comply with this subsection—

8 “(A) by recycling used oil (in compliance with
9 the requirements of section 3014 and regulations
10 promulgated pursuant to such section) through re-
11 introducing the used oil into refinery production for
12 purposes of producing petroleum products;

13 “(B) by purchasing re-refined oil or re-refined
14 lubricant base stock from a facility having a permit
15 under section 3005 for purposes of producing lubri-
16 cating oil; or

17 “(C) by purchasing recycling credits under the
18 recycling credit system established pursuant to
19 subsection (c).

20 “(3) A producer or importer of lubricating oil shall
21 submit to the Administrator, under regulations promul-
22 gated by the Administrator, a report on the amount of
23 lubricating oil produced or imported in each calendar year
24 by such person. The report shall be submitted at least once
25 a year, but the Administrator also may require such in-

1 term reports under this paragraph as the Administrator
2 considers necessary.

3 “(4) For purposes of paragraph (1), a producer or
4 importer shall be treated as recycling 2 units of used oil
5 for each unit of re-refined oil or re-refined lubricant base
6 stock purchased as provided in paragraph (2)(B).

7 “(5) Nothing in this section shall prohibit a producer
8 or importer from entering into an agreement with a sub-
9 sidiary or division of such producer or importer—

10 “(A) for purposes of treating oil recycled by
11 such subsidiary or division as being recycled by the
12 producer or importer for purposes of meeting the re-
13 cycling requirement of this section; or

14 “(B) for purposes of obtaining recycling credits
15 created by such subsidiary or division.

16 “(6) For purposes of paragraph (2)(A), the amount
17 of used oil that is recycled as provided in that paragraph
18 shall be determined on the basis of the records of the
19 amount of used oil received by the producer or importer.

20 “(b) RECYCLING PERCENTAGE.—The Administrator
21 each year shall establish a recycling percentage for use
22 under subsection (a). The percentage applicable during
23 the first year that the requirement established by sub-
24 section (a) is in effect shall be a percentage that is 2 per-
25 centage points higher than the recycling rate for lubricat-

1 ing oil that exists on the date of the enactment of this
2 section. Such recycling rate shall be determined by using
3 data for 1990 or the most recent year for which data are
4 available. For each of the 10 years thereafter, the recy-
5 cling percentage shall be an additional 2 percentage points
6 higher than the recycling percentage of the previous year.
7 Such recycling percentage shall go into effect automati-
8 cally and shall be published in the Federal Register.

9 “(c) CREDIT SYSTEM FOR RECYCLING USED OIL.—

10 (1) Not later than 18 months after the date of the enact-
11 ment of the Oil Recycling Incentives Act, the Adminis-
12 trator shall promulgate regulations to establish a system
13 under which (A) recyclers may create credits for used oil
14 recycling, and (B) producers or importers of lubricating
15 oil may purchase such recycling credits from such recy-
16 clers, for purposes of complying with subsection (a). No
17 person may create such credits, and no producer or im-
18 porter of lubricating oil may purchase such credits, except
19 in accordance with this subsection and the regulations pro-
20 mulgated under this subsection. In developing the regula-
21 tions, the Administrator shall, to the maximum extent fea-
22 sible, allow for the use of records kept in the ordinary
23 course of business or other approaches that facilitate the
24 simple, rapid generation and exchange of credits without
25 a case-by-case approval.

1 “(2) At a minimum, the regulations under paragraph
2 (1) shall include the following requirements:

3 “(A) The following records shall be kept by a
4 recycler for at least 3 years:

5 “(i) A record of the quantities of used oil
6 received for recycling, together with the prices
7 paid to transporters or owners or operators of
8 collection centers.

9 “(ii) A record of the quantities of recycled
10 oil sold or otherwise distributed in commerce,
11 and the destinations of such recycled oil. Part
12 of such record shall be a record of the quan-
13 tities and price of re-refined oil sold to produc-
14 ers or importers of lubricating oil for the pur-
15 pose of complying with subsection (a).

16 “(iii) A record of the sale or other disposi-
17 tion of recycling credits, including the name
18 and address of the producers and importers the
19 credits were sold to, the price charged, and the
20 amount of credits sold.

21 “(B) The recycler shall sell or otherwise distrib-
22 ute in commerce the recycled oil as specification
23 used oil, off-specification or industrial specification
24 used oil, or re-refined oil (as defined by the Adminis-
25 trator). The recycler shall maintain records of the

1 tests certifying that the oil meets the standards for
2 one of those categories of oil or fuel, along with
3 records of the destination of the oil or fuel by cat-
4 egory.

5 “(C) Each year a producer or importer of lubri-
6 cating oil shall keep records of the quantity of lubri-
7 cating oil produced or imported, the recycling of
8 used oil carried out to comply with subsection (a),
9 the amount of re-refined oil or lubricant base stock
10 purchased to comply with subsection (a), the amount
11 of recycling credits purchased (including the names
12 of recyclers from whom the credits were purchased
13 and the dates of the purchases), the price paid for
14 the credits, and the amount (if any) of recycling
15 credits sold or carried over from previous years. The
16 regulations shall allow for a 2-year carryover of
17 credits.

18 “(3) The Administrator may include such other re-
19 quirements in the regulations under paragraph (1) with
20 respect to qualifications for recyclers, importers, and pro-
21 ducers; methods for auditing compliance with the system;
22 and enforcement of the system; as the Administrator con-
23 siders necessary or appropriate for administering the recy-
24 cling credit system established under this subsection.

1 “(4) The Administrator shall include in the regula-
2 tions under paragraph (1) a procedure by which an inter-
3 ested party may petition the Administrator for credits to
4 be created under the credit system for recycling of used
5 oil using new technology. The Administrator shall deter-
6 mine, after public notice and opportunity for comment, the
7 amount of credit that may be created by new technologies
8 for which petitions are granted under this paragraph.

9 “(d) REPORTS.—(1) Not later than 6 years after the
10 date of the enactment of the Oil Recycling Incentives Act,
11 the Administrator shall submit to Congress an interim re-
12 port on the implementation of this section. The report
13 shall include, at a minimum—

14 “(A) a discussion of the effects of the require-
15 ments of this section on the lubricating oil industry,
16 the used oil recycling industry, and on the environ-
17 ment; and

18 “(B) an evaluation of the level of the recycling
19 percentage under subsection (b) and recommenda-
20 tions on whether, and at what rate, the percentage
21 should be increased in future years above the per-
22 centage applicable under subsection (b).

23 “(2) Not later than 10 years after such date, the Ad-
24 ministrator shall submit to Congress a final report on the
25 implementation of this section. The report shall include

1 an updated version of the discussion and evaluation re-
2 quired in the interim report, as well as such other findings
3 and recommendations with respect to the implementation
4 of this section as the Administrator considers appropriate.

5 “(e) DEFINITIONS.—For purposes of this section:

6 “(1) The term ‘producer’ with respect to lubri-
7 cating oil means any person who produces a lubri-
8 cant base stock from crude oil. Such production does
9 not include the re-refining of used oil.

10 “(2) The term ‘importer’ with respect to lubri-
11 cating oil means any person who imports a lubricant
12 base stock.

13 “(3) The term ‘lubricant base stock’ means oil
14 from which lubricating oil is made after introduction
15 of additives.

16 “(4) The terms ‘used oil collection center’, ‘col-
17 lection center’, and ‘generator’ mean any facility or
18 entity that collects, stores, accumulates, or otherwise
19 generates used oil, including a service station dealer
20 (as defined in section 101(37) of the Comprehensive
21 Environmental Response, Compensation, and Liabil-
22 ity Act of 1980 (42 U.S.C. 9601(37)), an auto parts
23 retailer, or municipality. Such term does not include
24 an individual who generates used oil by removing
25 such oil from the engine of a light duty motor vehi-

1 cle or household appliance owned or operated by
2 such individual and used only for personal purposes.

3 “(5) The term ‘recycler’ means an owner or op-
4 erator of a used oil recycling facility.

5 “(6) The term ‘recycling credit’ means a legal
6 record of a recycling activity undertaken in accord-
7 ance with subsection (c) that represents an amount
8 of used oil recycled for purposes of complying with
9 subsection (a).

10 “(7) The terms ‘used oil recycling facility’ and
11 ‘recycling facility’ mean a facility with a permit
12 under section 3005 that re-refines or reprocesses
13 used oil.

14 “(f) APPLICABILITY.—This section applies to any
15 person who produces or imports more than 100,000 gal-
16 lons of lubricating oil a year.

17 “(g) REGULATIONS.—The Administrator shall pro-
18 mulgate regulations to implement this section not later
19 than 18 months after the date of the enactment of the
20 Oil Recycling Incentives Act. If the Administrator fails to
21 promulgate such regulations by that date, the recycling
22 percentage under subsection (b) shall be 40 percent until
23 such time as the regulations are promulgated.”.

1 (b) TABLE OF CONTENTS AMENDMENT.—The table
2 of contents for subtitle C of the Solid Waste Disposal Act
3 (contained in section 1001) is amended—

4 (1) by redesignating the items relating to sec-
5 tions 3015 through 3023 as sections 3016 through
6 3024, respectively; and

7 (2) by inserting after the item relating to sec-
8 tion 3014 the following new item:

“Sec. 3015. Recycling requirements for used oil.”.

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