

PRELIMINARY STAFF MEASURE SUMMARY**CARRIER:**

House Committee on Transportation and Economic Development

REVENUE: May have revenue impact, statement not yet issued**FISCAL: May have fiscal impact, statement not yet issued****SUBSEQUENT REFERRAL TO:****Action:****Vote:****Yeas:****Nays:****Exc.:****Prepared By:** Patrick Brennan, Administrator**Meeting Dates:** 2/3, 2/8

WHAT THE MEASURE DOES: Requires state contracting agencies to provide, in specifications for procurement and in public contracts, that the contractor or supplier must use corrugated cardboard pallets in transportation, distributing, storing or otherwise transporting goods, and that the contractor or supplier have similar requirements in their contracts with common carriers and other third parties. Provides exceptions. Becomes operative January 1, 2017. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- IKEA's use of cardboard pallets
- Comparative benefits of cardboard and wooden pallets
- Logistics and environmental costs of transporting pallets
- Potential impact of measure on pallet manufacturers, refurbishers and recyclers

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Many types of goods and materials that are shipped travel on pallets. While most pallets are made of wood, there are companies that produce pallets made of corrugated cardboard. Producers of corrugated cardboard pallets assert that their products cost less than wood pallets, weigh less than half that of their wood counterparts, reduce the incidence of product damage caused by broken or shattered wood pallets, are safer for workers to handle due to being free of splinters and nails, and are 100 percent recyclable.

House Bill 4089 directs state contracting agencies to use corrugated cardboard pallets to transport, distribute, store or transfer goods. The measure provides exceptions in cases where corrugated cardboard pallets cost more than alternatives (as adjusted by occupational safety costs and benefits, operational efficiencies, savings from purchasing or leasing pallets, environmental benefits of recycling/disposing of the pallets, difference in fuel consumption due to pallet weight, and reduced damage to freight), or the goods are transported or stored in inclement weather conditions that is inconsistent with the pallet manufacturer's specifications.