

2022 Status of the Colorado Paint Stewardship Program

January - December 2022

Submitted August 2023



COLORADO

**Hazardous Materials
& Waste Management Division**

Department of Public Health & Environment

Executive summary

The Colorado Paint Stewardship program (PaintCare) set an all-time record in 2022 for an annual paint recovery rate of 5.8 percent, as measured by comparing the gallons of unused paint collected with the gallons of paint sold. Year over year, paint collection quantities increased by over 13,000 gallons in 2022, while paint sales decreased by over 590,000 gallons.

For the first year since the program started in 2015, 2022 finished with a reserve balance less than the year before at \$7.2 million, down from \$8.8 million in 2021. After 2022, the reserve balance came back into the reserve levels set by the PaintCare Board of Directors at 98 percent, a decrease from 130 percent after 2021.

A data dashboard of the program metrics is available at: <https://cdphe.colorado.gov/paintcare-data-stats>

2022 highlights

- PaintCare collected 806,605 gallons of postconsumer paint.
- Consumers in Colorado bought 13.9 million gallons of paint, yielding over \$6.6 million in fee revenue.
- The program spent approximately \$7.4 million. In total, PaintCare has accumulated a surplus of approximately \$7.2 million, which equates to a 98 percent reserve balance.
- The processing cost per gallon increased from \$8.58 in 2021 to \$9.21 in 2022.
- PaintCare serviced 58 paint collection events and provided 200 direct large-volume pick-ups.
- There are 196 year-round, permanent drop-off locations throughout Colorado.
- 96.3 percent of Coloradans live within a 15-mile radius of a permanent drop-off location.
- PaintCare supplemented the density criteria by providing 5,121 door-to-door collections in underserved urban areas (Colorado Springs and Denver Metro), a 500 percent increase from 2021, the first year PaintCare provided this service.
- PaintCare offered paint for reuse at most drop-off events.

Program overview

On July 1, 2015, the Architectural Paint Stewardship Act, or the Act, began requiring PaintCare to manage unwanted paint in Colorado. The Act allows for a stewardship organization to manage the end-of-life of paint.¹ PaintCare is the non-profit organization selected to manage unwanted paint. In this program, fees on new paint sales fund the end-of-life management of unused paint.

The Act also specifies that PaintCare must establish convenient sites for consumers to drop-off unused paint. Refer to page seven of this report to review the full geographic requirements for paint

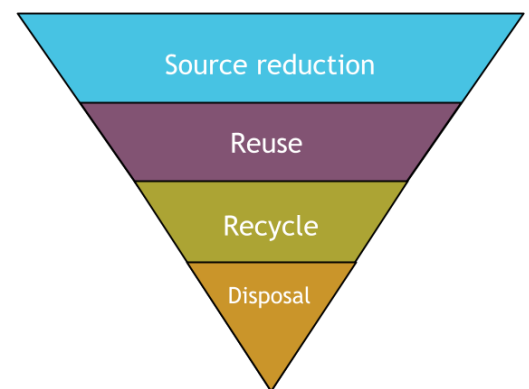


Figure 1: Disposal hierarchy

¹ The Act covers architectural paint, meaning interior or exterior architectural coatings sold in a container of five gallons or less. A full list of accepted items is available at: <https://www.paintcare.org/products/>

drop-off sites. Once paint is collected, facilities must manage paint using best environmental and economical practices, as set in the disposal hierarchy (Figure 1).

The PaintCare program increases consumer opportunities to properly manage leftover paint. It also provides cost savings to household hazardous waste (HHW) programs. Before the start of PaintCare in 2015, HHW facilities with paint take-back programs incurred the associated costs. Now, fees from paint sales fund collection programs at HHW facilities.

The Hazardous Materials and Waste Management Division (the division), within the Colorado Department of Public Health and Environment (the department), ensures PaintCare follows all aspects of the Act and the approved program plan. The division develops this report annually for the Senate Health and Human Services Committee and the House Public Health Care and Human Services Committee to report on the program status and adherence to the Act (Senate Bill 14-029, 25-17-401 C.R.S.).

With 13.9 million gallons of new paint sold in Colorado in 2022, Paintcare collected 806,605 gallons of unwanted paint in the same time period. The division's PaintCare data and statistics website shows how this unwanted latex and oil-based paint is processed (under the Paint Processing tab) at: <https://cdphe.colorado.gov/paintcare-data-stats>.



Figure 2 below illustrates the roles and responsibilities between PaintCare and the department.

Figure 2. PaintCare and CDPHE roles and responsibilities

PaintCare	CDPHE
<ul style="list-style-type: none"> ✓ Receives fees collected from paint sales 	<ul style="list-style-type: none"> ✓ Receives \$120,000 annually from PaintCare for oversight
<ul style="list-style-type: none"> ✓ Arranges paint collection and processing 	<ul style="list-style-type: none"> ✓ Inspects retailers and drop-off locations for program compliance
<ul style="list-style-type: none"> ✓ Tracks volumes collected and processed 	<ul style="list-style-type: none"> ✓ Reviews annual report and financial audit for program compliance
<ul style="list-style-type: none"> ✓ Submits annual report to CDPHE 	<ul style="list-style-type: none"> ✓ Reports to legislature annually on program
<ul style="list-style-type: none"> ✓ Organizes and hosts collection events 	<ul style="list-style-type: none"> ✓ Completes in-house GIS modeling to check geographic requirements
<ul style="list-style-type: none"> ✓ Manages and acquires paint drop-off locations 	<ul style="list-style-type: none"> ✓ Addresses complaints from the public and participating facilities
<ul style="list-style-type: none"> ✓ Provides signs and materials for the public 	<ul style="list-style-type: none"> ✓ Reviews financials and assists PaintCare with managing surplus funds
<ul style="list-style-type: none"> ✓ Contracts with haulers and processors for paint collection and disposal 	<ul style="list-style-type: none"> ✓ Approves fee amount
<ul style="list-style-type: none"> ✓ Proposes fee amount 	<ul style="list-style-type: none"> ✓ Approves the program plan
<ul style="list-style-type: none"> ✓ Creates the program plan 	<ul style="list-style-type: none"> ✓ Presents on the program at local conferences

Reporting and program data

The division created a data dashboard for stakeholders to view program performance. This dashboard is available at: <https://cdphe.colorado.gov/paintcare-data-stats>. The program's performance continues to improve year-to-year in a number of categories, including the recovery rate, gallons collected, and number of year-round drop-off sites. At 5.8 percent, 2022 had the highest recovery rate since the beginning of the program. This recovery rate coincides with paint collected, peaking at 800,000 gallons for the first time. The number of year-round drop-off sites increased by 11 sites from 2021, with 2022 totaling 196 sites. Paint sales continued to decrease to under 14 million gallons, which is a downward trend likely due to the unprecedented jump in paint sales in 2020 during the COVID-19 pandemic.

Other highlights are illustrated in the “Paint Processing” data tab of the dashboard. There is a slight increase in reuse processing for both latex and oil-based paint, which is due to PaintCare offering leftover paint at events, rather than transporting it to processing facilities. Latex paint processing otherwise stayed consistent, while oil-based paint saw a significant increase in energy recovery and decrease in incineration. PaintCare credits this to changing contracts with haulers who use different end markets.

A notable change this year was the significant decrease in the surplus balance. At the end of 2022, PaintCare had an accumulated surplus of \$7,268,883, after receiving \$6,601,551 in fee revenue and spending \$7,429,709 on program expenses. This year, 2022, is the first year the PaintCare surplus amount decreased, bringing the reserve level down to 98 percent of their annual expenses.

Final paint disposal

Waste haulers who contract with PaintCare collect paint at drop-off locations for processing and provide transportation services to PaintCare in various capacities. These haulers include:

- ACT Enviro
- Clean Harbors
- Gallegos Sanitation
- GreenSheen Paint
- Southern Colorado Services & Recycling
- Veolia Environmental Services
- Waste Management Curbside

Most latex paint processing and recycling occurs in Colorado. GreenSheen, in Denver, recycles a majority of the latex paint. Southern Colorado Services & Recycling, located in Pueblo, also recycles latex paint but in much smaller quantities. Unused oil-based paints primarily go to facilities out of state, where it is used for energy recovery or incinerated.

How Colorado compares to other states

PaintCare operates programs in 10 states and Washington D.C. The most recent state to pass legislation and begin paint collection is New York. PaintCare programs vary from state to state, as displayed in the “State comparison” tab at: <https://cdphe.colorado.gov/paintcare-data-stats>. The average rate processed per capita among participating states is 0.12 gallons. Colorado’s per capita processing rate is above the average at 0.14 gallons processed per person.

Minnesota is very similar to Colorado in population size, making it a good comparison for PaintCare statistics. As displayed in the state comparison data, Minnesota consistently has a greater recovery rate, number of gallons collected, number of gallons processed per capita, number of gallons sold, and number of year-round drop-off sites, and has a much smaller cost per gallon of paint. This may be due to Minnesota’s robust system of 57 HHW facilities statewide (as compared to 10 facilities in Colorado). Due to this, 75 percent of paint in Minnesota is collected through the HHW facilities, while only 21 percent of paint is

collected through HHW facilities in Colorado. Access to HHW facilities in Colorado is limited.

Financial audit, reserve policy and surplus funds

Under the Act (25-17-405(3)(VII)), PaintCare must submit an annual audit with their annual report to the department. PaintCare used Rogers & Company PLLC, an independent CPA firm, to conduct this year's audit. In the firm's opinion, PaintCare has fairly presented, in all material respects, the financial position, changes in its net assets, and cash flows as of December 31, 2022.

Each year, PaintCare places surplus funds in reserves for future use. The Board of Directors for PaintCare sets their own reserve policy, with a minimum and maximum surplus amount. PaintCare currently has a target reserve of 100 percent of annual expenses, with a lower and upper threshold of 75 and 125 percent, respectively. PaintCare has increased this target reserve and range since 2015. Originally, the program had a target reserve of 50 percent, with a range of 16 to 75 percent. This reserve allows PaintCare to continue operations during times of either higher than expected paint collection or lower than expected paint sales. As noted, PaintCare ended 2022 with a 98 percent reserve balance, down from 130 percent in 2021.

Several factors contributed to the reserve balance decrease, including but not limited to:

- Historically-low paint sales
- Increased program costs
- Downturn in investments
- PaintCare honored the division's 2021 recommendation to increase spending on public awareness and outreach communications; PaintCare increased spending by \$72,000.
- PaintCare's door-to-door collection programs in Colorado Springs and Denver Metro Areas had their first full year of operation; collection increased by 500 percent.

In April 2022, the department approved a revised program plan submitted by PaintCare. The proposed revision decreases the fee collected on two gallon containers from \$1.60 to \$0.75, to more-closely align with the fee structures of other states (Table 1). This did not appear to make a large impact on revenue, as two gallon containers are rarely sold. The total revenue increased 5 percent for large containers and decreased 3 percent for medium containers. PaintCare's three-year projections estimate the reserve level will continue to decline each year, reaching 52 percent in 2025. The division will continue to monitor this balance and work with PaintCare to ensure program fees align with program costs.

Table 1. Fee schedule for the Paint Stewardship Program

Fee schedule	Size of container	Prior to July 1, 2022	Implemented July 1, 2022
\$0.35	Small	Larger than half pint up to smaller than 1 gallon	Per pint up to smaller than 1 gallon
\$0.75	Medium	1 gallon	1-2 gallons
\$1.60	Large	Larger than 1 gallon up to 5 gallons	Larger than 2 gallons up to 5 gallons

Outreach

PaintCare’s outreach targets retailers, painting contractors, municipal agencies, and the general public. PaintCare does this through advertising and direct contact. Examples of outreach materials are available at [PaintCare.org](https://www.paintcare.org). Although PaintCare increased spending on communications and outreach, the annual consumer survey results indicate that 41 percent of Coloradan respondents knew that paint can be recycled. This was a decrease from 43 percent the previous year. The division will continue to recommend that PaintCare focuses on increasing awareness levels.

Geographic requirements

To ensure equitable collection opportunities, the Act names three geographic requirements for PaintCare:

1. There must be a permanent (e.g. year-round) drop-off site within a 15-mile radius of at least 90 percent of Colorado residents.
2. For urban areas² an additional permanent drop-off site must be provided for every 30,000 residents.
3. PaintCare must provide paint collection events for residents who live outside the 15-mile radius of permanent collection sites at least once a year.

Currently, 96.3 percent of residents live within 15 miles of a permanent drop-off site, exceeding the 90 percent requirement. When including supplemental sites, the number increases to 97.6 percent. To meet the second requirement pertaining to urban areas, Colorado Springs needs four more sites, and the Denver-Aurora area needs 30. To address this disparity, PaintCare is piloting an alternative door-to-door pick up for residents that have 10 or more gallons of paint, at no cost to residents in the Denver Metro area and El Paso/Teller Counties. In 2022, the service provided 5,121 door-to-door pickups, an increase from 804 pickups in 2021, the first year this service was provided. Maps of the sites and services available in 2022 can be found on pages 17-20 of PaintCare’s Colorado annual report found at [PaintCare.org](https://www.paintcare.org).



² The Census Bureau has replaced the term “Urbanized Area” with “Urban Area.” Urban area: a statistical geographic entity consisting of a densely settled core created from census blocks and contiguous qualifying territory that together have at least 2,000 housing units or 5,000 persons. While the Act (25-17-404(2)II) states “urbanized area,” the department will honor “urban area” as the updated terminology.

CDPHE recommendations

PaintCare is generally operating according to the program plan and the Act. Based on a review of PaintCare's 2022 Annual Report, the division has the following recommendations for PaintCare:

1. Provide collection events in communities that are beyond a 15-mile radius of permanent sites, prioritizing 1) disproportionately impacted communities, which can be identified using the [Colorado EnviroScreen](#) mapping tool, and 2) communities that did not have paint collection events in 2022.
2. Continue recruiting additional sites to meet the geographic density requirement in the two underserved metro areas of Colorado Springs and Denver, and maintain the door-to-door collection program until the geographic requirements are met for those areas.
3. Continue investing resources into education, outreach, and advertising, to increase the number of people who know about paint recycling services in Colorado.
4. Continue to expand paint reuse opportunities.



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Statute: Senate Bill 14-029, 25-17-401 C.R.S