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BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

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House Bill 4633 (Substitute S-1 as reported by the Committee of the Whole)

Sponsor: Representative Carl F. Gnodtke

House Committee: Conservation, Recreation, and Environment

Senate Committee: Natural Resources and Environmental Affairs

Date Completed: 5-26-89

RATIONALE

Many Michigan municipalities incur considerable costs related to the operation of landfills within their jurisdiction. Several townships reportedly have complained of costs due to damage to roads caused by the transport through the township of solid waste to landfills for disposal, decreased property values near landfills, and garbage blown to roadsides from trucks that transport waste. Many townships do not benefit monetarily from the operation of landfills within their jurisdiction and are not in a financial position to cover the costs associated with a landfill's operation. Some people believe that the State should allow municipalities to recoup costs associated with the operation of landfills, through the imposition of an impact fee.

CONTENT

The bill would amend the Solid Waste Management Act to permit a municipality to impose an impact fee of up to seven cents per cubic yard on solid waste disposed of in a landfill used by the public within the municipality. The landfill owner or operator would have to collect the fee uniformly on all waste accepted for disposal, and pay it to the municipality quarterly. The fee would have to be reduced by any revenue paid or available to the municipality from the landfill under a pre-existing agreement.

Impact fee revenue would have to be deposited in a municipality's general fund, unless the municipality established a trust fund to receive that revenue. Impact fee revenue and money

in a fund could be spent for any cost incurred by the municipality related to the operation of a landfill or for solid waste management, but not for legal action against a landfill owner or operator unless the owner or operator had instituted legal action against the municipality.

The bill would take effect October 1, 1989.

Proposed MCL 299.424a

SENATE COMMITTEE ACTION

As passed by the House, the bill would have allowed municipalities to impose a "surcharge". The Senate Committee on Natural Resources and Environmental Affairs adopted a substitute (S-1) that would empower municipalities to impose an "impact fee", rather than a surcharge. In addition, the Senate Committee of the Whole adopted an amendment to the substitute to provide for an effective date of October 1, 1989.

FISCAL IMPACT

The bill would generate an indeterminate amount of revenue for local governments, depending on the fee set, amount of solid waste involved, and whether the cubic yard was compacted or not.

Assuming all solid waste in the State was subject to the maximum seven-cent per cubic yard impact fee, approximately \$2.5 million would be generated on non-compacted waste or \$820,000 on compacted waste.

H.B. 4633 (S-26-89)

ARGUMENTS

Supporting Argument

Most local units receive no monetary benefit from the operation of a privately owned or commercially operated landfill within their jurisdiction. Consequently, these municipalities often are left to bear the costs associated with the operation of the landfill without any means of generating adequate revenue from the landfill to cover those costs. The bill would provide for a potential revenue source for costs incurred due to the operation of landfills.

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H8990/S4633A

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.