



**House
Legislative
Analysis
Section**

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SOLID WASTE INCINERATOR FEE

**House Bill 5267 (Substitute H-1)
First Analysis (2-27-92)**

**Sponsor: Rep. Sharon Gire
Committee: Conservation,
Recreation and Environment**

THE APPARENT PROBLEM:

The Solid Waste Management Act permits communities to recoup some of the indirect costs associated with the operation of a landfill by allowing the community to impose an impact fee on wastes accepted for disposal. However, some municipalities complain that they also incur indirect costs due to the operation of incinerators located within their jurisdiction. There are costs incurred from the destruction of roads, and from cleaning up garbage that is blown on the roadside due to the transportation of solid waste through the area. (Reportedly, complaints from property owners concerning trucks that drive through residential neighborhoods rank number one among calls to police). According to municipalities, costs are also incurred in the lowered property values in the area surrounding incinerators. The cost of land adjacent to an incinerator that is lost to development must also be taken into account.

In some areas in the state, several municipalities form an agreement to share in the operation of an incinerator. Under the arrangement, the city or township in which the incinerator is located -- the host community, which absorbs most of the indirect costs incurred by the operation of the incinerator -- is compensated by the other municipalities through payment of an established fee. A problem has arisen in at least one of these areas when the host community sought an increase in the fees paid by the other municipalities. In this instance it was found that, unless all the municipalities involved agreed to the increase, then the host community had no authority to raise the fees. In order to eliminate this problem, legislation has been proposed that would allow municipalities to recoup the indirect costs associated with the operation of incinerators.

THE CONTENT OF THE BILL:

At present, the Solid Waste Management Act permits a municipality to impose an impact fee of not more than 10 cents per cubic yard on either solid waste or solid waste incinerator ash that is disposed of in a landfill located within the municipality. A municipality may also enter into an agreement with a landfill operator to establish a higher fee. Under House Bill 5267, a municipality would also be permitted to impose an impact fee of up to 40 cents per ton on solid waste that was received by a municipal solid waste incinerator to be processed or transferred to a landfill. However, if the incinerator was located within a village, the township in which the village was located could -- in agreement with the village -- impose the impact fee. The bill would require that the fee be assessed uniformly on all wastes received for processing or transfer to a landfill. This provision would be effective January 1, 1992, and on January 1st of each year thereafter. The bill would also amend other provisions of the act that relate to collection of landfill fees and municipal trust funds to include references to municipal solid waste incinerators.

MCL 299.424a

FISCAL IMPLICATIONS:

According to the Department of Natural Resources, the bill would have no impact on state funds. (2-26-92)

ARGUMENTS:

For:

Municipalities reap no financial gain from the operation of incinerators within their jurisdiction, and are not in a financial position to cover the costs associated with the operation of an incinerator. In fact, local communities are often stuck with the bill for costs associated with the operation of a privately owned incinerator, without any means of generating

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funds from it to cover the costs. The bill would offer municipalities a means of obtaining reimbursement for costs incurred due to the operation of incinerators within their jurisdiction.

Against:

The bill would permit a "host" community -- one in which an incinerator is located -- to recoup some of the indirect costs associated with the operation of the incinerator. However, the municipality in which an incinerator is located may not necessarily be the community most severely affected by these costs. For example, the Grand Rapids incinerator, which is reached by expressway, is very close to the city limits. Therefore, areas surrounding the incinerator shoulder a larger share of its indirect costs than does the city. The bill should require that a host community document the costs that are associated with the incinerator's presence in the community before it is allowed to charge impact fees.

POSITIONS:

The Michigan Townships Association supports the bill. (2-25-92)

The Department of Natural Resources supports the bill. (2-26-92)

Clinton Township supports the bill. (2-26-92)