

SOLID WASTE AUTHORITY

Senate Bill 3 (Substitute H-2)
Sponsor: Sen. Shirley Johnson

Addendum to SFA Analysis (12-12-01)

**Senate Committee: Natural Resources
and Environmental Affairs**
**House Committee: Local Government
and Urban Policy**

ADDENDUM TO SENATE FISCAL AGENCY ANALYSIS OF SB 3 DATED 7-13-01:

HOUSE COMMITTEE ACTION:

The House Committee on Local Government and Urban Affairs adopted a substitute for the bill, Substitute H-2, that differs from the Senate-passed version in the following ways:

- After the bill took effect, a ‘qualified authority’ (SOCRRA) could not enter into *or extend* any contract, obligation, bond, or note so that it would have a termination date later than the termination date of the authority’s most recently approved contract unless the contract, obligation, bond, or note, or the extension, was approved by all members.

- The bill would allow a member to withdraw from an authority *unless its withdrawal would cause an impairment of an authority contract*. “Impairment” would refer to a material default in the contract that could not be cured by the payment of monetary damages. Likewise, this condition would apply in the provisions of the bill that would *require* an authority to dissolve under certain conditions.

- In order to withdraw from an authority, the bill requires that the member’s legislative body adopt a resolution. The Senate-passed bill requires the resolution to state that the authority is no longer serving the public “purposes” for which it was created; the House substitute would refer instead to the public “good”. Likewise, this condition would apply in the provisions of the bill that would *require* an authority to dissolve under certain conditions.

- In order to withdraw from an authority, a member’s withdrawal date, under the Senate version, must be not less than 60 days after the date of the resolution; under the House substitute, the date would have to be not less than 60 days after the date of the resolution *and* within one year before the termination date of the authority’s most recently approved contract.

- The Senate-passed version would require a withdrawing member to pay to the authority the member’s fair share of the negative equity of the authority. The House substitute would allow a withdrawing member to pay that amount, or, at its option, provide the authority with a bond or other independent, insured guarantee that the amount would be paid not later than 30 days after the expiration date of the authority’s most recently approved contract. Likewise, the Senate-passed version of the bill requires the authority to pay to the withdrawing member the member’s fair share of the equity of the authority, but the House substitute would allow the authority, at its

option, to either pay that amount or provide the withdrawing member with a bond or other guarantee.

- The House substitute would specify that a withdrawing member would not be relieved from paying any money damages owed on account of its or the authority's default under a contract if the damages and default resulted directly and solely from the member's withdrawal and were necessary to prevent an impairment of the contract.

- In a provision that requires a dissolving authority to settle its accounts, including employee benefits and employment contracts, within six months after dissolving, the House substitute would add collective bargaining agreements.

- In a provision addressing the liabilities of former members, where the Senate version of the bill refers to environmental liabilities resulting *directly* from the authority's disposal of a member's municipal solid waste, the House substitute would strike the word "directly".

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.