

SOLID WASTE SURCHARGE FEE

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 449 (Substitute S-2) Reported with Amendment

Sponsor: Sen. Roger Kahn, M.D.

Senate Committee: Appropriations

House Committee: Appropriations

Complete to 8-23-11

A SUMMARY OF SENATE BILL 449 AS REPORTED FROM HOUSE APPROPRIATIONS COMMITTEE

Senate Bill 449 would amend Part 115 (Solid Waste Management) of the Natural Resources and Environmental Protection Act (NREPA) to increase the Solid Waste Surcharge Fee on solid wastes that are landfilled within Michigan. The bill would increase the surcharge fee from the current rate of \$0.07 per cubic yard to \$0.12 per cubic yard beginning October 1, 2011 and ending September 30, 2013. In addition, the bill would extend the current sunset on the fee until September 30, 2013.

HOUSE COMMITTEE ACTION:

Under the language in current law, the owner or operator of a landfill **may** pass the fee through and collect the solid waste surcharge fee from solid waste generators or deliverers. The bill as passed by the Senate changes this language to state that the owners or operators **shall** pass the fee through and collect the fee from generators or deliverers. The House Appropriations Committee amended the Senate Bill and changed the language back to the current law language which states that the fee **may** be passed through to customers.

BACKGROUND INFORMATION:

The Department of Environmental Quality (DEQ) has the responsibility to regulate the transfer, processing, and disposal of solid wastes within the state. The Department also oversees the beneficial use of wastes and the administration of the county solid waste management planning programs. In addition to inspecting the 74 currently open active landfills in Michigan, the DEQ has the responsibility to regularly monitor and inspect the additional 83 landfills that are now closed or in the process of closure.

The current solid waste surcharge fee is \$0.07 per cubic yard of solid waste that is landfilled in Michigan. The surcharge is established in MCL 324.11525a and will sunset on October 1, 2011. The bill extends this sunset until 2013 and increases the fee amount to \$0.12 per cubic yard. The fee is not paid directly by landfill customers, but is paid by the owners and operators of the 74 solid waste landfills in the state. About 85 percent of the owners and operators are businesses and 15 percent are municipalities. The landfills are located throughout the state with 14 operating in the Upper Peninsula. The amount of the surcharge fee they pay is based upon the amount of waste that is disposed each year.

According to the DEQ, the current solid waste surcharge fee is inadequate to support the program. The Department asserts that staffing levels have been reduced to a level that is inadequate to continue long-term support for the program to eliminate risk to health and human safety. In addition, because of the current economic situation and the success of recycling and waste diversion efforts, the amount of solid wastes being disposed of is declining - which is causing an additional decline of revenues to the program.

FISCAL IMPACT:

Senate Bill 449 would increase the Solid Waste Surcharge Fee from \$0.07 to \$0.12 per cubic yard for FY 2011-12 and FY 2012-13. The increase in the fee is estimated to raise \$1.9 in additional annual revenue for the program. Currently, the fee generates approximately \$2.8 million in revenue annually. According to the DEQ, with the proposed increase, the fee will generate approximately \$4.6 million in FY 2012.

The appropriations for the FY 2011-12 DEQ budget (PA 63 of 2011) assume the revenue generated by the proposed increase in the Solid Waste Surcharge Fee in Senate Bill 449. Without the fee increase, the Department would have a \$1.9 million deficit in the FY 2011-12 budget and would have to reduce spending on this program. If the fee sunset is not extended by October 1, 2011, then the DEQ will no longer have the statutory authority to collect the Solid Waste Surcharge Fee and the revenue it provides.

Fiscal Analyst: Viola Bay Wild

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