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BILL ANALYSIS

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Senate Bill 561 (Substitute S-2)  
Sponsor: Senator Burton Leland  
Committee: Appropriations

### **CONTENT**

The bill would amend the Natural Resources and Environmental Protection Act to establish a new structure for a solid waste surcharge.

Currently, owners and operators of landfills are subject to a solid waste program administration fee. The annual cumulative total of the amount paid by all landfill owners and operators in the State is set in the Act at \$1,040,000 beginning in 1997, adjusted annually for inflation using the Detroit Consumer Price Index. The Department of Environmental Quality (DEQ) then apportions the cumulative amount among the landfill operators based on each landfill's pro rata share of the cumulative amount maintained in perpetual care funds in the State.

Under the bill, the current fee structure for Type II and Type III landfills would be completely replaced and municipal solid waste incinerators would be subject to the proposed surcharge. Under the bill, municipal solid waste incinerators, Type II, and most Type III landfill owners or operators that receive municipal solid waste, would pay seven cents per cubic yard of solid waste received. The owner or operators of Type III landfills that are monofills, would pay a flat rate of \$2,000 annually. No maximum for total collections is included in the bill.

The bill would increase the length of a permit from two years to five years. Current permits would not be extended, but the new permit length would apply upon renewal. The bill also would sunset the surcharge on October 1, 2007. The bill would allow landfill owners to pass the surcharge on to solid waste haulers notwithstanding existing contracts between haulers and landfill owners establishing fees.

MCL 324.11507a et al

### **FISCAL IMPACT**

Under the bill, municipal solid waste incinerators, Type II landfills, and Type III landfills that are not monofills would pay seven cents per cubic yard for a total of \$3,915,600 in fee revenue. The annual fee for monofills would be a flat rate of \$2,000 and would not be based on volume of solid waste received. Revenue from these landfills would range from \$6,000 to \$14,000 annually. Over the last five years, the average annual increase in solid waste received was 2,774,256 cubic yards. If the same increase is experienced in FY 2003-04, an additional \$200,000 in fee revenue could be collected, although expenditures of fee revenue would be limited by appropriations.

The House-passed version of the DEQ budget for FY 2003-04 does not include an appropriation for the additional fee revenue. It reduces General Fund appropriations for this program by 15%. The Senate Committee version of the FY 2003-04 budget for the DEQ includes \$3,914,500 for solid waste program fees, which is the Governor's recommendation for increased fee revenue to offset the elimination of General Fund support for the Solid Waste program.

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