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FISCAL IMPACT STATEMENT

LS 6556
BILL NUMBER: SB 210

NOTE PREPARED: Jan 31, 2012
BILL AMENDED: Jan 31, 2012

SUBJECT: Solid Waste Management District Matters.

FIRST AUTHOR: Sen. Gard
FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Solid Waste Management District (SWMD) Funding:* This bill provides that for property taxes first due and payable in 2013, the Department of Local Government Finance (DLGF) shall increase the maximum property tax levy of each county that is a member of an SWMD by that part of the SWMD's maximum property tax levy for 2012 that was imposed in the county, multiplied by the assessed value growth quotient for 2013. It specifies that property tax revenue raised by the county as a result of the increase in its maximum levy must be transferred to the SWMD for that county for the SWMD's use. It provides that the county shall transfer all revenue received from fees or otherwise relating to solid waste management and recycling to the SWMD for that county for the SWMD's use. The bill also provides that: (1) an SWMD shall submit their proposed budget for the 2013 budget year and thereafter to each county that is a member of the SWMD; (2) each county that is a member of the SWMD shall for the 2013 budget year and thereafter determine the amount of funding from all sources that the county will provide to the SWMD for that budget year; (3) an SWMD may not levy a property tax that is first due and payable after 2012 (other than a property tax for pre-existing debt); and (4) an SWMD may not impose a fee or charge that is first due and payable after 2012 and that is a flat charge for each residence or building in use in the county or that is otherwise imposed on a uniform basis on all residents or property owners.

The bill provides that, except as expressly granted by statute, an SWMD does not have the power to do the following: (1) Issue permits for a solid waste management activity that is already permitted by a state or federal agency or is not regulated by any state or federal agency. (2) Require the payment of a fee for a solid waste management activity that is already permitted by a state or federal agency or that is not regulated by a state or federal agency. It specifies that this provision does not prohibit an SWMD from imposing a user fee or charge to reimburse the SWMD for the cost of service provided by the SWMD to the payer of the user fee or

charge.

County Solid Waste Management Fees: The bill permits a county to impose solid waste management fees after 2012 that are a flat charge or that are otherwise imposed on a uniform basis.

Bonds: The bill provides that after June 30, 2012: (1) the authority of an SWMD board to finance the cost of facilities by borrowing money and issuing revenue bonds is transferred to each county that is a member of the SWMD; and (2) the authority of an SWMD board to issue waste management development bonds is transferred to each county that is a member of the SWMD.

Educational Standards and Reports: The bill requires the Department of Environmental Management (IDEM), with assistance from the Department of Education, to provide SWMDs with a curriculum model that includes educational core principles. It provides that SWMDs shall implement educational programs that meet the minimum standards established by IDEM in a curriculum model. It specifies additional information that an SWMD must include in the annual report prepared by the SWMD and provided to IDEM, the DLGF, and the Legislative Council. The bill also requires an SWMD to publish the report on an Internet web site maintained by the SWMD or on the Internet web sites maintained by the counties that are members of the SWMD.

Evaluation of SWMDs: The bill provides that in 2013 and every fifth year thereafter, the Legislative Council shall assign to an interim study committee or a statutory study committee the topics of: (1) assessing the continued need for SWMDs; and (2) determining whether any changes should be made to the statutes governing SWMDs. The committee to which the study topics are assigned shall issue a final report to the Legislative Council containing the committee's findings and recommendations (including any recommended legislation concerning the topics).

Rules Regarding Minimum Service Levels: The bill requires IDEM to adopt rules to establish a minimum service level for: (1) recycling; and (2) the collection of household hazardous waste, electronic waste, tires, and white goods; that must be provided in each SWMD. It provides that the minimum service levels may be met by an SWMD and a county through any combination of public or private recycling programs. It specifies that the rules must include a process through which an SWMD may apply to IDEM for a waiver of the minimum service levels. The bill also provides that each county is responsible for providing the level of funding sufficient for the county and the SWMD to achieve the minimum service levels.

Effective Date: Upon passage; July 1, 2012; January 1, 2013.

Explanation of State Expenditures: (Revised) *Educational Standards:* The bill requires IDEM with the assistance of the Department of Education (DOE) to develop a curriculum model for SWMDs to implement educational programs. These agencies should be able to implement this requirement within their existing resources.

Rules Regarding Minimum Service Levels: The bill requires IDEM to adopt rules to establish minimum service levels for recycling and the collection of household hazardous waste, electronic waste, tires, and white goods for the SWMDs. Adopting or modifying rules are within IDEM's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Educational Standards and Reports:* The bill requires the SWMDs to implement educational programs that meet the minimum standards established by IDEM. SWMDs currently provide educational programs, but they vary by district. Any impact will depend upon the extent that the IDEM standards differ from the current educational programs provided by the SWMDs.

The bill also requires SWMDs to report certain financial and program information annually to IDEM, the DLGF, and the Legislative Council. The reports are to be published on the districts' or counties' web sites.

Rules Regarding Minimum Service Levels: Complying with rules adopted by IDEM concerning minimum service levels could increase expenditures for the SWMDs. The bill provides that the minimum service levels may be met by a district and a county through any combination of public or private programs, and that districts may apply to IDEM for a waiver of the minimum service levels. Any impact will depend upon the extent that the IDEM rules differ from the current level of services provided by the SWMDs.

Explanation of Local Revenues: (Revised) *SWMD Funding:* Beginning in CY 2013, the bill provides that SWMDs are no longer able to impose property taxes, except to repay outstanding bonds. In 2011 there were 34 SWMDs that levied a total of \$20.7 M in property taxes. The total budget appropriation for all districts was \$49.3 M.

Monroe County Solid Waste Management District has an outstanding bond of \$3,875,000. The total 2011 levy for the district was \$1.6 M, of which \$293,073 was levied for debt service. The district could continue to impose a debt service levy under this bill.

In 2013, the amount that would have been levied by the SWMDs under current law would be added to the county units' maximum levies. Assuming that the counties levy this amount, there would be no change in total levies or property tax bills. The bill also requires that revenue raised by counties as a result of the increase in the maximum levy must be transferred to the respective SWMDs.

In addition to the transfer of the levy, the SWMDs' revenue from motor vehicle excise tax and the CAGIT and COIT income taxes would also, in effect, be transferred to the county units since these revenues are distributed to taxing units based on property tax levies. In CY 2011, SWMDs were expected to collect \$1.3 M in excise tax, \$1.0 M in CAGIT shares, and \$0.5 M in COIT shares.

Under current law, an SWMD does not receive a share of CAGIT or COIT income taxes unless the county council (CAGIT) or the county income tax council (COIT) approve the distribution. Twenty-seven counties that have adopted CAGIT or COIT have SWMDs that impose a property tax levy, but do not receive a CAGIT or COIT distribution. In those counties, the increase in the county maximum levy under this bill would result in the county receiving a larger share of CAGIT or COIT at the expense of the other taxing units in the county.

Budget Adoption: Under current law, SWMDs must submit their proposed budgets and tax levies to the county fiscal body of the county where the district has the most assessed value. Beginning with 2013 budgets under this bill, SWMDs would be required to submit their proposed budgets to both the executive and the fiscal body of each county and municipality located within the SWMD. Each county unit would then determine the amount of funding that the county will provide.

(Revised) *County Solid Waste Management Fees:* The bill provides that county fiscal bodies may establish

solid waste management fees that apply to all persons owning real property or generating solid waste within the county who benefit from solid waste management and collection, and facilities for solid waste disposal or processing. The bill requires that counties transfer revenue from these fees to the appropriate SWMDs. Counties would have to adopt ordinances to establish the fees, and the collection of the fees would be through a periodic billing system. The bill also provides that SWMDs may not impose district solid waste management fees first due and payable after 2012. Any impact will depend upon local action.

SWMD Permits: This bill provides that districts may not issue permits for a solid waste management activity that is already permitted by a state or federal agency or is not regulated by any state or federal agency. The Boone County SWMD requires permitting for clean fill disposal and clean fill processing. There are temporary (less than 90 days) permit fees of \$150 and long-term permit fees that equal \$400 annually, and a renewal every five years at \$800. The permit fees generated about \$6,000 in revenue for CY 2011, which is approximately 5% of the district's total revenue.

State Agencies Affected: IDEM; DOE; DLGF; Legislative Council.

Local Agencies Affected: Solid waste management districts.

Information Sources: IDEM; Local Government Database; Jennifer Lawrence, Boone County SWMD, 765-483-0687.

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