



**STATE BOARD OF EQUALIZATION  
STAFF LEGISLATIVE BILL ANALYSIS**

DRAFT

Date Amended:	05/06/09	Bill No:	<a href="#">SB 730</a>
Tax:	Integrated Waste Management	Author:	Wiggins
Related Bills:	SB 25 (Padilla) AB 479 (Chesbro)		

***This analysis will only address the proposal's provisions which impact the State Board of Equalization (Board).***

**Bill SUMMARY**

This bill would impose the integrated waste management (IWM) fee on each operator of a transfer or processing station based on the amount of all solid waste that the operator transfers out of the state for disposal.

**CURRENT LAW**

Under current law, Section 48000 of the Public Resources Code imposes an IWM fee on each operator of a disposal facility based on the amount, by weight or volumetric equivalent, as determined by the California Integrated Waste Management Board (CIWMB), of all solid waste disposed of at each disposal site. The amount of the fee is established by the CIWMB at an amount that is sufficient to generate revenues equivalent to the approved budget for that fiscal year, including a prudent reserve, but shall not exceed \$1.40 per ton. The fee is currently set at \$1.40 per ton of solid waste disposed.

The IWM fee is collected by the Board and, after payment of refunds and administrative costs of collection, deposited in the Integrated Waste Management Account. The money in the account is used by the CIWMB, upon appropriation by the Legislature, for the following purposes:

- The administration and implementation of the *California Integrated Waste Management Act of 1989*, and
- The state water board's and regional water board's administration and implementation of the *Porter-Cologne Water Quality Control Act* at solid waste disposal sites.

**PROPOSED LAW**

This bill would amend Section 48000 of the Public Resources Code to also require an operator of a transfer or processing station that transfers waste to a destination outside the state for disposal to pay a quarterly IWM fee to the Board on all solid waste that the operator transfers out of the state for disposal. The amount of the fee would be in the same amount as the existing IWM fee.

As under current law, the additional revenue collected as a result of this bill would be remitted to the Board for deposit in the Integrated Waste Management Account.

This bill would become effective January 1, 2010.

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***This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.***

**BACKGROUND**

Assembly Bill 939 (Chapter 1095, Statutes of 1989) enacted *the California Integrated Solid Waste Management Act of 1989*. Among other things, AB 939 added Section 48000 to the Public Resources Code to require each operator of a solid waste landfill to pay a quarterly fee, in addition to the solid waste fee, to the Board based on all solid waste disposed of at each disposal site on or after January 1, 1990.

In 2002, AB 1526 (Romero) would have, in part, imposed the IWM fee, as specified, upon each operator of a transfer station based on the amount of all solid waste processed at the transfer station for disposal at an out-of-state disposal site. The fee would have been 80 percent of the fee that would have been charged if the solid waste had been disposed of in this state. The bill died while placed on the Senate inactive file.

**COMMENTS**

1. **Sponsor and purpose.** This bill is sponsored by the author and is intended to ensure that solid waste materials are properly disposed of in-state and that less solid waste material is sent out-of-state. In addition, the bill is intended to address the problem of solid waste being exported out-of-state and the resulting loss of revenue.
2. **Should this bill include a definition for “disposal?”** Under existing law, the term “disposal” is defined under Public Resources Code Section 40192 to mean “the final disposition of solid wastes onto land, into the atmosphere, or into the waters of the state.” This bill would impose a quarterly fee on all solid waste that the operator transfers out of the state for disposal. Since the existing definition of disposal specifically refers to final disposition in the state, it appears to conflict with how that term is used in this measure, which refers to disposal out of the state. As such, the author may wish to consider incorporating a definition for the term disposal for purposes of subdivision (c), as proposed to be added to Section 48000.
3. **Suggested technical amendment.** The imposition of the existing IWM fee is based on the amount, by weight or volumetric equivalent, of all solid waste disposed of at each disposal site. This bill would require operators of transfer or processing stations to pay an IWM fee based on all solid waste transferred out of the state for disposal; however, the bill does not fully specify the basis of the fee. Board staff suggests amending the bill to provide that the quarterly per ton fee is based on “the amount, by weight or volumetric equivalent,” which is similar to the existing IWM fee. The following language is suggested:

48000. (c) An operator of a transfer or processing station that transfers waste to a destination outside of the state for disposal shall pay a fee quarterly to the State Board of Equalization, ~~as determined by the board pursuant to subdivision (b), on~~ that is based on the amount, by weight or volumetric equivalent, as determined by the Board, of all solid waste that the operator transfers out of the state for disposal.

The fee imposed pursuant to this subdivision shall be in the same amount as the amount that is required to be paid pursuant to subdivision (b) for each ton of solid waste.

4. **Administrative start-up cost funding for the Board.** This bill proposes to impose the IWM fee on each operator of a transfer or processing station based on the amount of all solid waste that the operator transfers out of the state for disposal on and after January 1, 2010. To implement these provisions, the Board would need to revise reporting forms and publications and program the Integrated Revenue Information System (IRIS), the Board's primary tax administration system, at the end of 2009, which is in the middle of the State's 2009-10 fiscal year. To cover these administrative start-up costs, the Board would need an adequate appropriation that would not already be identified in the Board's 2009-10 budget.

As an alternative to an appropriation, the author may want to consider amending the bill to move the operative date of the fee from January 1, 2010, to January 1, 2011. This would allow the Board to obtain funding for administrative start-up costs through the Budget Change Proposal process.

5. **Related legislation.** SB 25 (Padilla) would increase the IWM fee by \$0.73 per ton, with potential cost of living increases, to fund illegal dumping prevention programs.

AB 479 (Chesbro) would establish a fixed IWM fee amount equal to \$3.90 per ton, a \$2.50 per ton increase over the current rate. The additional revenues would be apportioned to local jurisdictions for the expansion of source reduction, recycling, and composting programs, including residential and business recycling programs.

It should be noted that this bill and both SB 25 and AB 479 propose to amend Section 48000 of the Public Resources Code. The author may wish to consider adding double-joining language.

## **COST ESTIMATE**

The Board would incur administrative costs to identify and register new feepayers (operators of a transfer or processing station), reprogramming, and revising returns and publications. A cost estimate of this workload is pending; however, it is estimated these costs would be moderate (over \$50,000 and less than \$250,000).

## **REVENUE ESTIMATE**

According to the CIWMB, over the last five fiscal years, the state exported an average of 457,730 tons of waste per fiscal year to out-of-state disposal sites.

A solid waste fee on out-of-state disposal would increase revenue annually by \$641,000 (457.7 thousand tons x \$1.40).

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