



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

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|-----------------|--|----------------|----------------|
| Date Amended    | <b>09/04/03</b>                              | Bill No:       | <b>SB 1078</b> |
| Tax:            | <b>Solid Waste Vehicle<br/>Clean Air Fee</b> | Author:        | <b>Chesbro</b> |
| Board Position: |  | Related Bills: |                |

**BILL SUMMARY**

This bill would require the operator of the solid waste disposal facility to collect a Solid Waste Vehicle Clean Air fee for each ton of solid waste submitted for disposal by that operator at a solid waste disposal facility. The operator of the solid waste disposal facility would be required to submit the fee to the State Board of Equalization (Board) in a manner consistent with the Integrated Waste Management Fee.

**Summary of Amendments**

Previous versions of this bill did not impact the Board.

**ANALYSIS**

**Current Law**

Under existing law, there is no fee imposed on operators of solid waste collection vehicles for each ton of solid waste submitted for disposal.

However, current law does impose an Integrated Waste Management Fee on each operator of a disposal facility based on the amount, by weight or volumetric equivalent, as determined by the Integrated Waste Management Board (IWMB), of all solid waste disposed of at each disposal site. The fee is currently set at \$1.34 per ton of solid waste disposed.

The Integrated Waste Management Fee is collected by the Board and, after payment of refunds and administrative costs of collection, deposited in the Integrated Waste Management Account.

The Board also shares administrative responsibilities with the IWMB (an agency under the purview of CalEPA) for the California Tire Fee. The California Tire Fee requires every person who purchases a new tire from a retail seller of new tires to pay a California tire fee of \$1.00 per tire until December 31, 2006, and \$0.75 per tire after that date. That fee provides funding for a tire recycling program which will reduce landfill disposal and stockpiling of used tires by recycling and reclaiming used tires and used tire components to the greatest extent possible.

*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.*

### Proposed Law

This bill would add and repeal Article 2.1 (commencing with Section 48010) of the Public Resources Code, which would require the operator of a solid waste collection vehicle to pay a fee of 50 cents (\$0.50) for each ton of solid waste submitted for disposal at a solid waste disposal facility. The solid waste disposal facility operator would be required to collect the fee and to submit the fee to the Board in a manner consistent with the existing Integrated Waste Management Fee.

This bill would define "operator of a solid waste collection vehicle" or "operator" to mean any of the following:

- A city, county, city and county, or special district that operates its own solid waste collection vehicle.
- An individual, firm, limited liability company, partnership, private corporation, or nonprofit entity engaged in the business of solid waste collection pursuant to a contract, franchise, license, permit or other authorization granted by a public agency.

A "solid waste collection vehicle" would be defined to mean an on-road heavy-duty vehicle, as defined in Section 39033 of the Health and Safety Code, with a gross weight rating of greater than 14,000 pounds that is used for the purpose of collecting residential and commercial solid waste by a public agency or, for a fee charged, by a private operator, including a rolloff vehicle that is used for transporting waste containers, debris boxes, or compactors that may be removed from the tractor.

Article 2.1 would remain in effect until January 1, 2011, and as of that date is repealed unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

This bill would also add Section 48000.5 to the Public Resources Code to require the Board to deposit the fees collected in the Solid Waste Vehicle Clean Air Account, which this bill would create within the Integrated Waste Management Fund.

The bill would become effective January 1, 2005.

### In General

Assembly Bill 939 (Chapter 1095, Statutes of 1989) added Section 48000 to the Public Resources Code to require each operator of a solid waste landfill to pay a quarterly fee to the Board based on all solid waste disposed of at each disposal site on or after January 1, 1990.

### COMMENTS

1. **Sponsor and purpose.** This bill is sponsored by the author and is intended to provide financial assistance to all public and private operators of solid waste collection vehicles that are subject to the State Air Resources Board's "Diesel Risk Reduction Plan." The Diesel Risk Reduction Plan proposes a specific control measure for the reduction of particulate matter emissions from diesel-fueled engines and vehicles.

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2. **The Board could not administer a new fee program prior to July 1, 2005, without risk to its Revenue Database Consolidation (RDC) Project.** Beginning in April 2004 and running through the remainder of the 2004 calendar year, the Board is implementing the RDC project. The RDC project involves extensive changes to the Integrated Revenue Information System (IRIS), the Board's primary tax administration system. The RDC project implementation and stabilization efforts will occupy significant Board staff resources for the rest of 2004.

In addition, the Board is currently in the process of developing, testing and implementing technology changes related to new legislatively mandated programs\* enacted in 2002 and 2003. This effort has been included in the multi-year, multi-phase RDC project and will be on-going through the end of 2004.

Mandating the Board to collect any new fee prior to July 1, 2005 would require programming to the Board's computer system at the end of 2004, which is during the final stages of the RDC project. Making any modifications at the end of the system development would put the Board's RDC project, including the programming for the new legislatively mandated programs, at substantial risk. It is therefore suggested that the bill be amended to make the provisions of the bill operative no earlier than **July 1, 2005**.

3. **This bill should contain a specific appropriation to the Board.** This bill proposes a fee to be assessed on or before January 1, 2004, although that date will likely be changed. If the bill is amended to impose the fee any earlier than January 1, 2006, an appropriation would be required since the Board would need to develop computer programs, reporting forms, and hire appropriate staff during the 2004-05 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 2004-05 budget.
4. **The Board would require full funding to administer the proposed solid waste vehicle clean air fee.** In funding state agencies, the Administration and the Legislature have not provided budget dollars to support the actual agency payroll costs (for example, workers compensation costs, merit salary adjustments, and collective bargaining requirements are not fully funded in the annual budget process). The Administration and the Legislature expect state agencies to keep positions vacant or delay hiring staff in order to save dollars to meet these unfunded payroll costs.

To be able to promptly hire staff or to recruit from outside the Board's operations, the bill should be amended to provide funding to fully support the Board's actual costs of a position.

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\* SB 1049 (Water Rights Fee), AB 71 (Cigarette and Tobacco Products Licensing Act), and SB 1701 (Alternative Cigarette and Tobacco Stamps)

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5. **Administration and collection.** This bill provides that the proposed fee be submitted to the Board in a manner consistent with the existing Integrated Waste Management Fee. The Integrated Waste Management Fee is administered and collected pursuant to the Integrated Waste Management Fee Law (Part 23, Division 2 of the Revenue and Taxation Code). The fee proposed by this bill can not simply be collected in a manner consistent with the Integrated Waste Management Fee without substantial amendments to the existing law.

Therefore, it is suggested that the bill be amended to authorize the Board to administer and collect the proposed fee pursuant to the Fee Collection Procedures Law (Part 30, of Division 2, of the Revenue and Taxation Code). The Fee Collection Procedures Law contains "generic" administrative provisions for the administration and collection of fee programs to be administered by the Board. The Fee Collection Procedures Law was added to the Revenue and Taxation Code to allow bills establishing a new fee to reference this law, thereby only requiring a minimal number of sections within the bill to provide the necessary administrative provisions. Among other things, the Fee Collection Procedures Law includes collection, reporting, refund and appeals provisions, as well as providing the Board the authority to adopt regulations relating to the administration and enforcement of the Fee Collection Procedures Law.

The following language is suggested:

48012.5. For purposes of this article, the State Board of Equalization may collect the fees pursuant to the Fee Collection Procedures Law (Part 30 (commencing with Section 55001) of Division 2 of the Revenue and Taxation Code).

It is also suggested that the bill be amended to specify a due date for the fee and return, to authorize the payment of refunds on overpayments of the fee and reimbursement to the Board for the administration and collection of the fee. Board staff is available to work with the author's office in drafting appropriate amendments.

6. **Suggested technical amendment.** Proposed Section 48010(b) would define "board" to mean the State Board of Equalization. However, references to the term "board" throughout Sections 48013, 48014, 48015 and 48016 appear to mean the Integrated Waste Management Board. It is therefore suggested that Section 48010(b) be deleted and Section 48012(c) be amended to change "board" to "State Board of Equalization."

It is also suggested that the bill be amended to provide the necessary authority for the Board to collect assessments, make refunds or deposit funds for fees related to activities prior to the January 1, 2011 repeal date, but which are discovered after the statute has sunset.

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**COST ESTIMATE**

The Board would incur non-absorbable costs to adequately develop and administer a new fee program. These costs would include registering fee payers, developing computer programs, mailing and processing returns and payments, conducting audits, developing regulations, training staff, and answering inquiries from the public. A cost estimate of this workload is pending.

**REVENUE ESTIMATE****Background, Methodology, and Assumptions**

This bill would require the operator of a solid waste collection vehicle, until December 31, 2010, to pay a fee of \$0.50 for each ton of solid waste submitted for disposal by that operator at a solid waste disposal facility. The bill would require the operator of the disposal facility to collect the fee and to submit the fee to the Board in a manner consistent with the fee submitted by the facility operator. The Board would deposit these fees in the Solid Waste Vehicle Clean Air Account, which the bill would create within the Integrated Waste Management Fund.

The IWMB reported the statewide disposal of solid waste amounted to 37.6 million tons in 2002. This waste is collected and transported by solid waste collection vehicles operated by city and county municipalities and by private waste collection operators. From 1989 through 2002, the IWMB reports that statewide solid waste disposal has averaged 38 million tons annually for this 14 year period. A \$0.50 fee per ton of solid waste submitted for disposal would generate \$19 million in annual revenue (38 million tons x \$0.50).

**Revenue Estimate**

The revenue impact from imposing a \$0.50 disposal fee for each ton of solid waste disposed of by the operators of solid waste disposal vehicles would amount to an estimated \$19 million in annual revenue.

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