



Date Amended:	04/22/09	Bill No:	AB 479
Tax:	Integrated Waste Management	Author:	Chesbro
Related Bills:	SB 25 (Padilla)		

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

BILL SUMMARY

This bill would establish a fixed Integrated Waste Management (IWM) fee amount equal to \$3.90 per ton, a \$2.50 per ton increase over the current rate.

SUMMARY OF AMENDMENTS

The amendments since the previous analysis are technical corrections to the fee increase expenditure language.

CURRENT LAW

Under current law, Public Resources Code Section 48000 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 within the IWM Fund. 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 boards' administration and implementation of the *Porter-Cologne Water Quality Control Act* at solid waste disposal sites.

PROPOSED LAW

Among other things, this bill amends Public Resources Code Section 48000 to establish, on and after July 1, 2010, a fixed IWM fee of \$3.90 per ton. As under current law, the additional revenue collected as a result of this bill would be remitted to the Board for deposit in the IWM Account.

The bill requires that two dollars and fifty cents (\$2.50) of the IWM fee imposed be available for expenditure by the CIWMB pursuant to Section 48001.5, a new section of law that this bill creates, that requires the following:

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- Between January 1, 2010, and January 1, 2015, the revenue will be apportioned on a per capita basis to jurisdictions for the expansion of source reduction, recycling, and composting programs, including residential and business recycling programs, as well as expanded recycling and composting infrastructure.
- On and after January 1, 2015, the additional fee revenue shall be apportioned to jurisdictions that have achieved the specified diversion rate or expended to help jurisdictions achieve the rate.

The Board would continue to deposit the collected revenues in the appropriate account to be available for the IWMB to expend for the purposes noted.

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 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. The fee was initially set at \$0.50 per ton of waste disposed of during the period of January 1, 1990, through June 30, 1990. The fee for waste disposed during the period of July 1, 1990, through June 30, 1991, was to be set by the CIWMB at an amount sufficient to generate revenues equivalent to the approved budget for the 1990-91 fiscal year, including a prudent reserve, but not to exceed \$0.75 per ton.

In 1993, AB 1220 (Chapter 656) consolidated the solid waste fee and the IWM fee into a single IWM fee. The IWM fee was set at \$1.34 per ton for the 1994-95 fiscal year. That bill also provided that commencing with the 1995-96 fiscal year the amount of the fee established by the CIWMB would be an amount sufficient to generate adequate revenues, as specified, but not to exceed \$1.40 per ton.

Recent measures proposed to change the IWM fee include:

Year	Year	Description	Status
2008	AB 712 (De Leon)	50 cent/ton increase to fund cleaner waste hauling vehicles.	Held in Senate Appropriations
2008	AB 2640 (Huffman)	Exempt green waste when used for beneficial reuse.	Held in Senate Appropriations
2008	AB 2866 (De Leon)	Increase the cap to \$2/ton.	Held in Senate Appropriations
2007	AB 1610 (Nunez)	Increase the cap to \$2/ton.	Amended out of bill

IN GENERAL

Effective July 1, 1994, the IWM fee was set at \$1.34, pursuant to AB 1220. The CIWMB approved an increase in the fee at its June 2001 board meeting to \$1.40 per ton, the maximum allowed by statute, effective July 1, 2002.

COMMENTS

1. **Sponsor and purpose.** This bill is sponsored by the author and is intended to provide incentives to encourage local jurisdictions and solid waste landfill operators to participate in greenhouse gas reduction efforts, which will assist the state in meeting established clean air standards.
2. **The April 23, 2009 amendments** make clarifying changes to the expenditure of the \$2.50 per ton fee increase in an attempt to correct the drafting error noted in our previous analysis. However, the following amendment is still suggested in order to avoid confusion between the duties of the Board and the CIWMB:

“48001.5 The fee amount of two dollars and...that is collected ~~by the board~~ shall be available to the board,...”

Further, there is a remaining grammatical error in proposed Section 48001.5 (b) of the current version of the bill, as noted as follows:

“(b) On and after January 1, ... For jurisdictions that have not reached the diversion rate required...”
3. **Board staff does not foresee any administrative problems with this bill.** Increasing the rate of the IWM fee would not be problematic for the Board.
4. **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.

COST ESTIMATE

The Board would incur administrative costs for informing the feepayers, reprogramming IRIS, revising returns and publications, increasing audit presence, and answering inquiries from the public. A cost estimate of this workload is pending.

REVENUE ESTIMATE**BACKGROUND, METHODOLOGY, AND ASSUMPTIONS**

This bill would increase the IWM fee from the current \$1.40 per ton to \$3.90 per ton of garbage deposited in landfills.

According to amounts reported on returns in FY 2007-08, 37.9 million tons of refuse to landfills was disposed, and the state collected \$53 million in solid waste disposal fees (37.9 million tons x \$1.40 = \$53 million).

According to data from the IWM fee returns, over the last three years the average statewide solid waste disposed amounted to approximately 40 million tons. With the rate increase effective January 1, 2010, this bill would increase the disposal fee by \$2.50 per ton and fee collections by \$50 million [(40 million tons x \$2.50)/2] in FY 2009-10 and by \$100 million (40 million tons x \$2.50) in FY 2010-11.

REVENUE SUMMARY

It is estimated this bill would increase revenue deposited in the Integrated Waste Management Account by \$50 million in FY 2009-10 (half year) and by \$100 million in FY 2010-11.

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