



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

DRAFT

Date Amended:	<b>05/28/09</b>	Bill No:	<b><a href="#">SB 25</a></b>
Tax:	<b>Integrated Waste Management</b>	Author:	<b>Padilla</b>
Related Bills:	<b>AB 479 (Chesbro) SB 730 (Wiggins)</b>		

***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 \$2.13 per ton, a \$0.73 per ton increase over the current rate.

**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 quarterly 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 increase, on and after January 1, 2012, the IWM fee to \$2.13 per ton, and also authorize the CIWMB to adjust the fee not more than once every two years to reflect increases or decreases in the cost of living during the prior two fiscal years as measured by the California Consumer Price Index (CCPI) issued by the Department of Industrial Relations or a successor agency. 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 also adds Chapter 2.7 (commencing with Section 48300) to Part 7 of Division 30 of the Public Resources Code to authorize the CIWMB to establish an illegal dumping prevention program to provide grants or loans to public agencies to fund the development of new, or the expansion of existing, comprehensive local illegal dumping

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programs for the purposes of reducing the occurrence of illegal dumping in the state. Section 48301 specifically authorizes expenditures of IWM Account funds, upon appropriation by the Legislature, for funding of such grants and loan programs. The CIWMB may provide the grants and loans only after the increase in the IWM fee is effective and generating funds.

This bill would become effective January 1, 2010; however, the increase in the IWM fee would become operative January 1, 2012.

### 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 reduce California's dependence on landfills, reduce greenhouse gases and preserve our natural resources by expanding efforts to reduce, reuse, and recycle our solid waste.

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2. **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.
3. **Related legislation.** 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.

SB 730 (Wiggins) would require an operator of a transfer or processing station to pay a quarterly IWM fee on all solid waste that the operator transfers out of the state for disposal.

It should be noted that this bill and both AB 479 and SB 730 propose to amend Section 48000 of the Public Resources Code. In addition, this bill and AB 479 would amend other identical sections of the Public Resources Code. The author may wish to consider adding double-joining language.

### **COST ESTIMATE**

The Board would incur administrative costs for informing the fee payers, computer programming, revising returns and publications, and answering inquiries from the public. It is estimated that these costs would be insignificant (under \$10,000).

### **REVENUE ESTIMATE**

#### **BACKGROUND, METHODOLOGY, AND ASSUMPTIONS**

This bill would increase the IWM fee from the current \$1.40 per ton to \$2.13 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. This bill would increase the disposal fee by \$0.73 per ton and fee collections by \$29.3 million (40 million tons x \$0.73) in 2012, the first full calendar year. After two years, the CIWMB shall adjust the fee based on the rate change in the CCPI. The CCPI is expected to increase by an average of 3% over the next two years. Assuming an average annual increase in the CCPI of 3%, fee collections could increase by \$31.1 million (40 million tons x \$0.73 x 6%) in 2014.

#### **REVENUE SUMMARY**

It is estimated this bill would increase IWM fee revenue by \$29.2 million in calendar year 2012 and by \$31.0 million in 2014.

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