

## CONFIDENTIAL LEGISLATIVE BILL REVIEW FORM: 2016

Bill Number: H.602 Name of Bill: An act relating to application of the solid waste franchise fee

Agency of Natural Resources / Dept: Environmental Conservation Author of Bill Review: Cathy Jamieson

Date of Bill Review: 1/26/2016 Related Bills and Key Players: Click here to enter text.

Status of Bill (check one): ☒ Upon Introduction ☐ As passed by 1<sup>st</sup> body ☐ As passed by both

Recommended Position: Oppose

### Analysis of Bill

**1. Summary of bill and issue it addresses.** *Describe what the bill is intended to accomplish and why.*

The bill proposes solid waste franchise fee exemption for solid waste that is collected outside of Vermont, and which is processed in VT then shipped out-of-state for disposal. There are private solid waste businesses who have accounts outside of Vermont, which use their Vermont transfer station to consolidate loads before shipping waste to its final destination. In order to be more competitive, these businesses would prefer not to pay the \$6/ton franchise fee for out-of-state waste that is eventually disposed out-of-state.

**2. Is there a need for this bill?** *Please explain why or why not.* The franchise fee is statutorily required for waste that is managed in Vermont and that is disposed. Some private solid waste businesses located near the state border also manage solid waste that is generated out-of-state, by consolidating the solid waste at a transfer station in Vermont before transporting the solid waste out-of-state for disposal. These businesses would prefer to exempt out-of-state generated solid waste from the franchise fee when that waste is not disposed in Vermont, in order to be more competitive with out-of-state contracts (if exempt, they would not have to include the \$6/ton franchise fee when bidding against out-of-state haulers for out-of-state hauling contracts). From ANR's perspective, such an exemption would result in a decrease in revenue and it may be difficult to audit or track waste at a transfer station to determine the portion that came from out-of-state versus that which came from Vermont. ANR provides oversight of transfer station activities regardless of where the waste is from.

**3. What are likely to be the fiscal and programmatic implications of this bill for this Department?**

The proposed exemption would result in a decrease in revenue to the Solid Waste Management Assistance Fund, which ANR uses to cover the cost of the Agency's solid waste program and for pass through funds to districts/alliances/independent towns (17% of the annual SWMAF revenues are statutorily required to be dedicated to implementation of local and state solid waste plans). Two private facilities in southern VT paid ~\$68,000 in franchise fee in FY15 for out-of-state solid waste.

**4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?** The Tax Department has the oversight of collecting the franchise fee. It may be more challenging for the Tax Department to conduct audits of transfer stations if a portion of the waste managed at the transfer station is not subject to franchise fee payments.

**5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it? (for example, public, municipalities, organizations, business, regulated entities, etc)**

If passed, this bill would reduce the amount of franchise fee payments made by at least two transfer stations (TAM in Bennington County and Triple T in Windham County). With a decrease in Solid Waste Management Assistance Fund revenues, the amount of funds passed through to districts/alliances/independent towns would decrease.

**6. Other Stakeholders:**

**6.1 Who else is likely to support the proposal and why?** Private solid waste businesses.

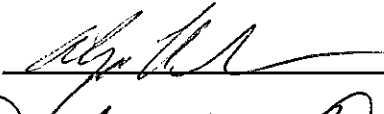
**6.2 Who else is likely to oppose the proposal and why?** Some solid waste districts may oppose this proposal because it would decrease the annual revenues to the Solid Waste Management Assistance Fund, and therefore decrease the amount of pass through funds that are allocated to districts/alliances/and independent towns.

**7. Rationale for recommendation:** *Justify recommendation stated above.* This bill, by itself, would result in decrease revenues to the Solid Waste Management Assistance Fund and should be opposed as is. This proposal could be reconsidered in the event it is coupled with another proposal to counter the loss of revenue that would occur with this bill.

**8. Specific modifications that would be needed to recommend support of this bill:** *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*  
Do not support this bill by itself.

**9. Will this bill create a new board or commission AND/OR add or remove appointees to an existing one? If so, which one and how many?** no

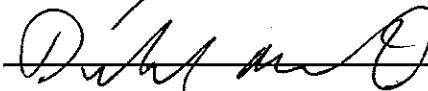
Commissioner has reviewed this document:



Date:

2/8/16

Secretary has reviewed this document:



Date:

2-10-16