

**STATE and LOCAL
FISCAL IMPACT**

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Prime Sponsor(s): Sen. Todd
Rep. Coram

Bill Status: Senate Finance

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TITLE: CONCERNING THE RECYCLING RESOURCES ECONOMIC OPPORTUNITY FUND, AND, IN CONNECTION THEREWITH, INCREMENTALLY INCREASING CERTAIN FEES COLLECTED FOR THE FUND, EXTENDING REPEAL DATES OF LAWS ASSOCIATED WITH THE FUND, ADDING LIMITATIONS TO GRANTS MADE TO REDUCE WASTE TIRE STOCKPILES, MAKING REBATES PAID FROM THE FUND DISCRETIONARY, AND REMOVING OBSOLETE PROVISIONS.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
Cash Funds		
Recycling Resources Economic Opportunity Fund	\$207,498	\$622,494
State Transfers	See State Transfers section.	
Transfer from the Waste Tire Cleanup Fund to the Recycling Resources Economic Opportunity Fund		
State Expenditures		
Cash Funds		
Recycling Resources Economic Opportunity Fund	\$204,593	\$613,779
FTE Position Change		
Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed. Increased solid waste disposal fees take effect January 1, 2014.		
Appropriation Summary for FY 2013-14: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill amends statutes relating to the Recycling Resources Economic Opportunity Fund (RREOF). Under current law, the solid waste user fee applicable to commercial vehicles at attended solid waste disposal sites is 7 cents per ton of waste. The bill incrementally increases the fee to 9 cents per ton on January 1, 2014; to 11 cents per ton on January 1, 2015; and to 14 cents per ton on January 1, 2016.

The bill also modifies powers of the Pollution Prevention Advisory Board (PPAB) related to the RREOF. The PPAB's authority to make loans from the RREOF is eliminated by the bill, while PPAB powers are amended to include commissioning recycling-related studies. After consulting

with the PPAB Assistance Committee, the PPAB may determine to limit rebates to commodity recyclers. Finally, the bill authorizes grants from the RREOF to tire recyclers using funds transferred from the Waste Tire Clean Up Fund.

Background

The Recycling Resources Economic Opportunity Fund was created in 2007, with a sunset date of July 1, 2017, to promote waste diversion, recycling, recycling markets, the beneficial use of discarded materials, and other recycling-related activities.

The primary source of revenue to the RREOF is the solid waste user fee, collected at attended solid waste disposal sites, with separate fee schedules for commercial and noncommercial vehicles entering disposal sites. Noncommercial fees are unaffected by this bill. The RREOF collected \$2.4 million in FY 2010-11 and \$1.4 million in FY 2011-12, the two most recent years for which actual collections data is available. Revenue to the RREOF dropped between FY 2010-11 and FY 2011-12 due primarily to the elimination of distributions from waste tire fees to the RREOF pursuant to House Bill 10-1018.

Under current law, local governments, nonprofits, and for-profit entities may be paid for recycling various commodities on a per-ton basis. By law, the current amount available for these rebates is one-quarter of the total amount collected into the RREOF. Local governments and private entities, including non-profits and the operators of attended solid waste disposal sites, may also apply for grants from the RREOF for projects that promote the purposes of the Recycling Resources Economic Opportunity Program.

State Revenue

Collection of solid waste user fee revenue deposited in the Recycling Resources Economic Opportunity Fund by the Colorado Department of Public Health and Environment will increase by \$207,498 in FY 2013-14 and by \$622,494 in FY 2014-15. Based on historical volumes, the state generates an estimated 20,749,800 cubic yards (CY) of solid waste subject to the fee per year. In each of the next three fiscal years, a new solid waste user fee is implemented at the midway mark of the fiscal year, on January 1. Solid waste user fees are collected at the current or then-current base rate in the first half of each fiscal year, and at an increased rate in the second half of each fiscal year. This analysis assumes that an equal amount (10,374,900 CY) of waste will be subject to the fee in each half of the fiscal year.

Fee Impact on Individuals, Families or Business. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. The table below identifies the fee impact of this bill.

Table 1. Fee Impact on Users of Attended Solid Waste Disposal Sites					
Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected	Annual Fee Impact
Solid Waste User Fee - 2014*	\$0.07/CY	\$0.09/CY	\$0.02/CY	20,749,800 CY	\$414,996
Solid Waste User Fee - 2015*	\$0.07/CY	\$0.11/CY	\$0.04/CY	20,749,800 CY	\$829,992
Solid Waste User Fee - 2016*	\$0.07CY	\$0.14/CY	\$0.07/CY	20,749,800 CY	\$1,452,486
Fee Impacts by Fiscal Year					
FY 2013-14: July 1, 2013, to June 30, 2014				20,749,800 CY	\$207,498
FY 2014-15: July 1, 2014, to June 30, 2015				20,749,800 CY	\$622,494
FY 2015-16: July 1, 2015, to June 30, 2016				20,749,800 CY	\$1,141,239
FY 2016-17: July 1, 2016, to June 30, 2017				20,749,800 CY	\$1,452,486

* Fee impacts reoccur annually until 2017, when the Recycling Resources Economic Opportunity Fund is repealed under current law. Under the bill, solid waste user fees are adjusted on a calendar year basis, resulting in two different fee rates per fiscal year. For example, the 2014 Solid Waster User Fee will take effect for the last six months of FY 2013-14. The increase in Solid Waste User Fees to 14 cents per cubic yard (CY), taking effect on January 1, 2016, is permanent, applying to all subsequent years.

State Transfers

The bill authorizes the General Assembly to transfer moneys from the Waste Tire Cleanup Fund to the Recycling Resources Economic Opportunity Fund. A program to incentivize private businesses that develop alternative uses for waste tires is authorized by the bill, but no specific funding need or transfer is identified in the bill.

State Expenditures

Under the bill, state expenditures from the Recycling Resource Economic Opportunity Fund in the Colorado Department of Public Health and Environment will increase by \$204,593 in FY 2013-14 and by \$613,779 in FY 2014-15. The distribution of cash funds for the various purposes of the RREOF will continue at an increased funding level. These purposes include: rebates to entities that recycle commodities; grants to improve recycling infrastructure, divert waste, promote recycling markets, or address a specific solid waste (e.g., waste tires); and studies commissioned by the PPAB.

Based on a 1.4 percent indirect cost assessment by CDPHE to administer the Recycling Resources Economic Opportunity Fund, a small amount of revenue generated from increased fees will not be available for grants and other uses of the fund. The charge for this indirect cost assessment will be \$2,905 in FY 2013-14 and \$8,715 in FY 2014-15.

Minor changes in CDPHE procedure will be required to implement the bill. The CDPHE will implement a new fee schedule in each of the next three fiscal years, notifying solid waste disposal site operators and making appropriate accounting changes. The CDPHE will also update procedures to reflect modifications to the authority of the PPAB. Procedural changes involve a negligible one-time increase in the workload of the CDPHE and will be accomplished without new appropriations.

Local Government Impact

As one of the groups receiving rebates from the RREOF, local government revenue may vary as a result of the bill. With PPAB discretion to cap rebates at a level below the current formulaic distribution of one-quarter of total RREOF collections, some local governments that currently receive rebates may experience a reduction in their total rebate for recycling commodities. However, overall RREOF collections will increase substantially, and local governments may generally experience an increase of available funding to rebate recycled commodities. The net effect on local government revenue depends on the PPAB's allocation of rebates to various types of commodities and governmental versus nongovernmental entities and cannot be estimated for this fiscal note.

State Appropriations

For FY 2013-14, the Colorado Department of Public Health and Environment requires a cash fund appropriation of \$204,593 from the Recycling Resources Economic Opportunity Fund.

Departments Contacted

Public Health and Environment
Municipalities
Law

Local Affairs
Counties

Governor's Energy Office
Corrections