

SOLID WASTE MANAGEMENT SURCHARGE

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Senate Bill 79 as passed by the Senate

Sponsor: Sen. Michelle A. McManus

House Committee: Natural Resources, Great Lakes, Land Use, and Environment

Senate Committee: Natural Resources and Environmental Affairs

First Analysis (6-6-05)

BRIEF SUMMARY: The bill would amend the Urban Cooperation Act to permit counties to impose a surcharge greater than current limit of \$2/month or \$25/year, though not exceeding \$4/month or \$50/year, subject to the approval of county voters, for waste reduction and recycling programs. The surcharge could also be imposed on commercial businesses.

FISCAL IMPACT: The bill would have no apparent fiscal impact on the state and an indeterminate fiscal impact on local units of government, depending on whether the increased surcharge was approved or disapproved by local voters.

THE APPARENT PROBLEM:

Part 115 (Solid Waste Management) of the Natural Resources and Environmental Protection Act – formerly the Solid Waste Management Act, Public Act 641 of 1978 – requires that every county develop a solid waste management plan to assure that nonhazardous waste materials generated in the county are collected and recovered, processed, and disposed of properly. The Urban Cooperation Act permits counties, by resolution of the board of commissioners, to impose a surcharge not exceeding \$2 per month or \$25 per year on each household within the county to finance waste reduction, recycling, and composting programs within the county, subject to certain limitations.

The surcharge was added to the Urban Cooperation Act with the enactment of Public Act 138 of 1989 as a means of supporting local waste reduction and recycling programs. However, the surcharge limit has not been increased in over 15 years, and it has been pointed out that in many areas it does not fully support waste reduction and recycling programs, many of which have greatly expanded in the last 15 years. Additionally, the current surcharge is only imposed on households within the county, though many commercial businesses generate a great deal of waste as well. Legislation increasing the surcharge and expanding it to include businesses, subject to voter approval, has been introduced.

THE CONTENT OF THE BILL:

Generally speaking, the Urban Cooperation Act permits counties, by resolution of the board of commissioners, to impose a surcharge not exceeding \$2 per month or \$25 per year on each household within the county to finance waste reduction, recycling, and

composting programs, subject to certain limitations. Before a surcharge may be imposed in a city, village, or township, the county and local unit must enter into an interlocal agreement regarding the collection and disposition of the surcharge.

(The act also permits the designated planning agency preparing the solid waste management plan for a county with a 1980 population of at least 690,000 and not operating as a charter county or under a unified form of county government – essentially meaning Macomb County – to impose the surcharge.)

Senate Bill 79 would amend the act to permit counties to impose a surcharge greater than the current \$2 per month or \$25 per year limit, subject to the approval of local voters, although the total surcharge could not exceed \$4 per month or \$50 per year. The bill also provides that commercial businesses, which are currently not subject to the surcharge, could be subject to the surcharge, with voter approval.

To hold an election on the increased surcharge, the county board of commissioners would have to pass a resolution that includes the following: (1) the approval to hold the election; (2) the name of the individual responsible for negotiating the interlocal agreement; (3) the date by which each local city, village, or township within the county must elect to participate in the interlocal agreement and authorize an election; (4) the date of the election; (5) the amount of the proposed surcharge; and (6) whether commercial businesses will be subject to the proposed surcharge. The initial authorization for the additional surcharge would be for a period of five years. Subsequent authorizations would be for at least 10 years. The surcharge approved by voters would not apply to vacant land, land owned by a public-utility, rights-of-way, and easements that do not generate solid waste.

Cities, village, or townships that are not part of the interlocal agreement could become part of the agreement with the approval of the county and by complying with the relevant provisions of the act. Additionally, a business that is not subject to the act currently could, with approval of the county and upon notifying the local unit in which it is located, be subject to the surcharge and other provisions of the agreement.

Finally, the bill specifies that the surcharge approved by voters is a mandatory charge that could be collected by any reasonable billing method, including as part of the billing for property taxes, water and sewer usage, or other services provided by the county to households and commercial businesses within the county.

MCL 124.508a

HOUSE COMMITTEE ACTION:

The House Committee on Natural Resources, Great Lakes, Land Use, and Environment reported the bill as it was passed by the Senate.

ARGUMENTS:

For:

The bill provides local governments with the opportunity to increase the surcharge assessed for waste reduction and recycling programs within the county, subject to voter approval. Some communities have expressed frustration over the relatively few options available to increase funding for these programs, particularly in the face of continued budget constraints and state revenue sharing cuts. Additionally, the state Supreme Court's decision in *Bolt v. City of Lansing* (459 Mich 152) and the Headlee amendment limit the ability of local units to impose fees (taxes) to support these programs without voter approval. Additionally, many communities have imposed "impact fees" under Part 115 of NREPA on landfill operators, though this revenue source has proved to be rather unstable compared to the revenue generated by the surcharge imposed under the Urban Cooperation Act.

Response:

While the bill is a good first step at improving Michigan's recycling efforts, which have fallen off in recent years, a much more comprehensive plan is needed.

POSITIONS:

The Michigan Townships Association supports the bill. (6-2-05)

The Michigan Association of Counties supports the bill. (6-2-05)

The Michigan Chamber of Commerce supports the bill. (6-2-05)

The Michigan Manufacturers Association supports the bill. (6-2-05)

The Michigan Waste Industry Association supports the bill. (6-2-05)

Republic Waste Services supports the bill. (6-2-05)

The Michigan Environmental Council is neutral on the bill. (6-2-05)

Legislative Analyst: Mark Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.