

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/CS/SB 710

SPONSOR: Finance and Taxation Committee and Natural Resources Committee

SUBJECT: Solid Waste Management

DATE: February 6, 2002      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Branning</u>	<u>Voigt</u>	<u>NR</u>	<u>Favorable/CS</u>
2.	<u>Keating</u>	<u>Johansen</u>	<u>FT</u>	<u>Favorable/CS</u>
3.	_____	_____	<u>AGG</u>	_____
4.	_____	_____	<u>AP</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

This bill provides for the reallocation of sales tax proceeds that are deposited into the Solid Waste Management Trust Fund and, instead, deposits these proceeds into the Ecosystem Management and Restoration Trust Fund to be used for water quality improvement and water restoration projects. The Solid Waste Management Trust Fund would then be funded almost exclusively from existing fees on tires purchased at retail. The trust fund's purposes are refocused toward the core solid waste management responsibilities of the Department of Environmental Protection, increased funding for mosquito control activities in the Department of Agriculture and Consumer Services, and a new competitive and innovative solid waste management grant program. The department would use the new, reallocated funds in the Ecosystem Management and Restoration Trust Fund for a competitive grant program for water quality improvement and water restoration projects.

The bill amends ss. 212.20, 403.709, 403.7095, 403.718, F.S., and repeals s. 403.719, F.S.

**II. Present Situation:**

Solid waste management is a local government responsibility. Prior to 1988, local governments in Florida did not receive ongoing grants to subsidize and assist in recycling and other solid waste management problems. Pollution problems at existing landfills, long delays in siting new landfill sites, and forecasts that one-third of the landfill space available in the state in 1985 would be closed by 1996 prompted the Legislature to help local governments meet their solid waste management responsibilities. The Solid Waste Management Act was enacted in 1988 to provide comprehensive programs to promote recycling and reduce the volume of materials going to landfills.

By 1990, Florida had 150 permitted landfills, most of which were lined, 11 waste-to-energy plants, and one of the largest recycling programs in the United States. These significant changes resulted from the passage of the Solid Waste Management Act of 1988 (SWMA.) The SWMA contained comprehensive provisions that established an overall 30 percent recycling goal to be met by 1994. The act also established a number of new programs for the management of special waste, as well as requiring training of landfill operators, financial responsibility for landfill closure, full-cost accounting for local government solid waste services, packaging requirements, litter control, and most importantly, a recycling and education grant program for governments to help them reach the 30 percent recycling goal.

The SWMA directed counties with population greater than 50,000 to reduce the disposal of municipal solid waste by 30 percent by the end of 1994. Counties with a population of 50,000 or less were exempt from the 30 percent goal as long as they provide their residents with an opportunity to recycle.

Another major feature of the SWMA was the creation of a Waste Tire Grant Program to assist counties in solving problems stemming from the large number of waste tires in Florida. One tire site in Polk County contained over 4.5 million tires which posed significant threats for fire and mosquito control. This grant program is funded from a \$1 fee imposed on each new motor vehicle tire sold at retail.

The SWMA created the Solid Waste Management Trust Fund to finance the various activities authorized by the 1988 law. The two major revenue sources for this fund are:

- A distribution of two-tenths of one percent of the sale tax proceeds transferred directly to the Solid Waste Management Trust Fund amounting to approximately \$30 million annually; and
- The Waste Tire Fees which produce an annual revenue of approximately \$20 million.

The Recycling and Education Grants Program has been successful in assisting counties in establishing and operating recycling program. By late 1995, the Department of Environmental Protection noted that a majority of counties with populations greater than 50,000 were recycling over 30 percent of their municipal solid waste, effectively meeting the statutory goal established in 1988.

The Waste Tire Grant Program has also been very successful. The large waste tire piles were cleaned up and management practices were put in place by local governments to prevent these build-ups from occurring again and appropriate disposal options were available to keep tires from being discarded randomly in the woods and rural locations.

During the last 10 years, solid waste disposal has changed from being mainly a local issue to becoming a regional issue in most parts of the state. The trend has been toward consolidation with fewer, larger landfills, and waste-to-energy plants taking waste from larger geographic areas. Less money has been going to local government recycling program in the past several years since funds have been diverted from the Solid Waste Management Trust Fund through the General Appropriations Act to other higher priority uses.

In 1995, demands for General Revenue Funds were greater than growth in those revenues. Consideration was given at that time to statutorily reallocating the sales tax revenues that were going to solid waste management and funding other priority needs such as aquatic plant control. Legislation to do that did not pass. However, every year since, significant amounts of revenues have been diverted from the Solid Waste Management Trust Fund to other uses in the General Appropriations Act notwithstanding the provisions of general law. Moneys have been diverted to the Working Capital Fund, the Invasive Plant Control Trust Fund, and the Ecosystem Management and Restoration Trust Fund to be used for aquatic and invasive plant control and various water projects.

### III. Effect of Proposed Changes:

**Section 1.** Section 212.20, F.S., is amended to provide that two-tenths of one percent of the proceeds collected from the sales tax collection shall be transferred to the Ecosystem Restoration and Management Trust Fund and specifies that the funds are to be used for water quality improvement and water restoration projects. This is consistent with legislative actions in recent years where this level of funds have been reallocated from the Solid Waste Management Trust Fund and used for water related improvement projects.

**Section 2.** Section 403.709, F.S., is amended to prescribe the eligible uses of the Solid Waste Management Trust Fund. Eligible activities to be funded from this trust fund are:

- DEP's core responsibilities, such as permitting for solid waste management facilities, technical assistance to local governments and the private sector, administering a grant program, funding removal of tires from illegal waste tire sites, and compliance and enforcement responsibilities;
- Funding to the Department of Transportation for litter prevention and control programs coordinated by Keep Florida Beautiful, Inc.;
- Funding for research and training at the Center for Solid and Hazardous Waste and other organizations that can reasonably demonstrate the capability to carry out such projects;
- For FY 2003-2004, \$3 million of the revenues annually deposited in the SWMTF are transferred to the Operations Trust Fund at the Department of Agriculture and Consumer Services to be used for increased mosquito control, especially activities related to the West Nile Virus. (Currently about \$2 million is transferred annually.)
- Funding for a competitive and innovative grant program for activities relating to recycling and reducing the volume of municipal solid waste, including waste tires requiring final disposal. (General grant direction is provided in Section 3 of the bill.)

**Section 3.** Section 403.7095, F.S., is substantially rewritten to direct the Department of Environmental Protection to develop a competitive and innovative grant program for eligible recipients – counties, municipalities, special districts, and non-profit organizations that have

legal responsibilities for solid waste management. The DEP shall insure that not less than \$2.5 million be available annually for counties with a population less than 100,000 for solid waste management activities including waste tire management, recycling and education programs and litter control. Each eligible county would receive a base grant in the amount of \$50,000 with the remaining funds distributed proportionately based on population. Funds in excess of the amount provided to these counties shall be used to fund the competitive and innovative grant program. Grant program activities that would qualify for funding are those that:

- Demonstrate technologies or processes that are not in common use in Florida, that represent a novel application of an existing technology or process, or that overcome obstacles to recycling and waste reduction in new or innovative ways;
- Demonstrate innovative processes to collect and recycle or reduce materials targeted by the department and the recycling industry; or
- Demonstrate effective solutions to solving solid waste problems resulting from waste tires, particularly in the areas of enforcement and abatement of illegal tire dumping, and activities to promote market development of waste tire products.

Because the Legislature recognizes that input from the recycling industry is essential to the success of this grant program, the department shall cooperate with private sector entities to develop a process and define specific criteria for allowing their participation with grant recipients.

The department shall evaluate and prioritize the annual grant proposals and present the annual prioritized list of projects to be funded to the Governor and the Legislature as part of its annual budget request submitted pursuant to ch. 216, F.S. Potential grant recipients are encouraged to demonstrate local support for grant proposals by the commitment of cash or in-kind matching funds.

The department may adopt rules to implement this section, including but not limited to matters relating to time frames for submitting grant applications, criteria for prioritizing, matching criteria, maximum grant amounts, and allocation of appropriated funds based upon project and applicant size.

**Section 4.** Section 403.718, F.S., is amended to eliminate the requirement that waste tire fees be deposited into a waste tire account with the Solid Waste Management Trust Fund. Instead, since these fees are the major source of revenue for the trust fund, they will be deposited directly in the trust fund.

**Section 5.** Section 403.719, F.S., relating to requirements for a separate waste tire grant program, is repealed. In view of greatly reduced funding for grants, only the competitive and innovative grant program and projects relating to solving tire related disposal problems can compete for those grants.

**Section 6.** The DEP is directed to develop a competitive grant program that would utilize the \$30 million annually transferred from sales tax proceeds to the Ecosystem Management and

Restoration Trust Fund. This transfer is the same dollars that previously were transferred to the Solid Waste Management Trust Fund. The grant program would be for projects that improve water quality and restore lakes and rivers impacted by pollution. Eligible grant recipients would be counties, municipalities, water management districts and special districts that have legal responsibilities for water quality improvement, water management, or surface water restoration. The DEP would annually evaluate project proposals and present a list of recommended projects to be funded to the Governor and the Legislature as part of its budget request submitted pursuant to ch. 216, F.S. The department is authorized to adopt rules to implement this section, including but not limited to, matters relating to time frames for submitting grant applications, evaluation criteria, matching fund criteria, maximum grant amounts and allocation of appropriated funds based upon project and applicant size.

Each fiscal year at least 20 percent of the funds available for this program shall be used for projects to assist financially disadvantaged small local governments. A “financially disadvantaged small local government” means a municipality with a population of 7,500 or less or a county with a population of 35,000 or less, according to the latest decennial census and a per capita annual income less than the state per capita annual income as determined by the United State Department of Commerce, or counties designated by the Governor as Rural Areas of Critical Economic concern pursuant to s. 288.0696, F.S.

**Section 7.** This act shall take effect upon becoming a law.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

The bill amends s. 212.20, F.S., reallocating the two-tenths of one percent of the sales tax proceeds that are deposited into the Solid Waste Management Trust Fund to the Ecosystem Management and Restoration Trust Fund. The Solid Waste Management Trust Fund is exempt from the 7 percent general revenue service charge pursuant to s. 215.22, F.S., while the Ecosystem Management and Restoration Trust Fund is subject to the 7 percent service charge. This change will result in an estimated increase to the General Revenue Fund of \$2.3 million in fiscal year 2002-03 from the 7 percent general revenue service charge.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Currently, approximately \$2.3 million is transferred annually from the Solid Waste Management Trust Fund to the Department of Agriculture and Consume Services for mosquito control activities. Under this bill, for FY 20003-2004, \$3 million would be transferred for increased mosquito control activities especially for control of West Nile Virus.

In recent years the Legislature reallocated significant funds from the Solid Waste Management Trust Fund to other environmental programs such as lake restoration projects and sewer facility construction. These allocations were handled through the annual General Appropriations Bill and Appropriations Implementing Bill. This bill provides for sales tax proceeds that are now deposited into the Solid Waste Management Trust Fund to, instead, be deposited into the Ecosystem Management and Restoration Trust Fund and be used to fund water quality improvement and water restoration projects. This change would eliminate the need to use the Appropriations Implementing Bill to overcome funding requirements spelled out in general laws for solid waste management.

The state's overall Solid Waste Management Program would be funded at an annual level of approximately \$20 million utilizing the revenues from the existing \$1 fee imposed on tires purchased at retail. This level of funding would provide about \$12 million annually for DEP's core responsibility in solid waste management; provide \$3 million for increased mosquito control; provide about \$1.6 million annually for activities by the Center for Solid and Hazardous Waste and Keep Florida Beautiful, Inc.; and provide about \$3.4 million annually for a competitive and innovative grant program that will demonstrate technologies or processes that are not in common use in Florida and that help solve problems in recycling and waste reduction. Of the \$3.4 million available for the grant program, \$2.5 million must be made available for small counties. Each eligible small county would receive a base grant of \$50,000 with the remaining funds distributed proportionately based on population.

The reallocation of sales tax proceeds from the Solid Waste Management Trust Fund to the Ecosystem Management and Restoration Trust Fund will be used to establish a grant program to fund water quality improvement and water restoration projects. Annually, approximately \$30 million would be available for such projects. The DEP would evaluate and present a list to the Governor and the Legislature as part of its annual budget request for final approval by the Legislature.

The bill also provides that each fiscal year at least 20 percent of the funds available for the Water Quality Improvement and Water Restoration Grant Program must be used for projects to assist financially disadvantaged small local governments. Currently, that would amount to approximately \$6 million.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

---

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

---