

# GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2007

## Legislative Fiscal Note



**BILL NUMBER:** House Bill 2541 (First Edition)

**SHORT TITLE:** Delay Solid Waste Tax Effective Date.

**SPONSOR(S):** Representatives Allen, Gibson, and Harrison

### FISCAL IMPACT

Yes (X)      No ( )      No Estimate Available ( )

FY 2008-09    FY 2009-10    FY 2010-11    FY 2011-12    FY 2012-13

**REVENUES**            (\$12,305,650)

**EXPENDITURES**

**POSITIONS (cumulative):**

**PRINCIPAL DEPARTMENT(S) &**

**PROGRAM(S) AFFECTED:** Department of Environment and Natural Resources

**EFFECTIVE DATE:** When the bill becomes law

### BILL SUMMARY:

Delays the effective date of the solid waste disposal tax imposed by Article 5G of Subchapter I of Chapter 105 of the General Statutes from July 1, 2008 to January 1, 2009.

### BACKGROUND:

The Solid Waste Management Act of 2007 (S.L. 2007-550) established the solid waste disposal tax at a rate of \$2.00 per ton effective July 1, 2008. It was estimated by Fiscal Research that the tax would raise the following revenue:

	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>
Revenue Generated	\$24,611,299	\$25,277,576	\$25,943,853	\$26,610,130	\$27,276,407

The Department of Revenue is allowed to retain \$225,000 of the tax collected for administrative expenses. The remaining revenue would be distributed to the Inactive Hazardous Sites Cleanup Fund (50%), the Solid Waste Management Trust Fund (12.5%), and local governments (37.5%), as follows:

<b>Solid Waste Disposal Tax Revenue Distribution</b>					
	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
<b>Available Revenue</b>	<b>\$24,386,299</b>	<b>\$25,052,576</b>	<b>\$25,718,853</b>	<b>\$26,385,130</b>	<b>\$27,051,407</b>
50% Inactive Hazardous Sites	\$12,193,150	\$12,526,288	\$12,859,427	\$13,192,565	\$13,525,704
7% Admin. Allowance	\$853,520	\$876,840	\$900,160	\$923,480	\$946,799
12.5% Solid Waste Mgmt Trust Fund	\$3,048,287	\$3,131,572	\$3,214,857	\$3,298,141	\$3,381,426
7% Admin. Allowance	\$213,380	\$219,210	\$225,040	\$230,870	\$236,700
37.5% for local governments	\$9,144,862	\$9,394,716	\$9,644,570	\$9,894,424	\$10,144,278

**ASSUMPTIONS AND METHODOLOGY:**

Delaying the effective date by six months from July 1, 2008 to January 1, 2009 will reduce the amount of revenue received in FY 2008-09 by 50%; **Fiscal Research estimates that this lost revenue would be \$12,305,650.**

Subsequently the amounts distributed for FY 2008-09 to the Inactive Hazardous Sites Cleanup Fund, the Solid Waste Management Trust Fund, and local governments would be reduced as follows:

50% Inactive Hazardous Sites	\$6,040,325
7% Admin. Allowance	\$422,823
12.5% Solid Waste Mgmt Trust Fund	\$1,510,081
7% Admin. Allowance	\$105,706
37.5% for local governments	\$4,530,244

The Department of Environment and Natural Resources estimates that the delay and subsequent loss of revenue would have the following effect on their operations. First, landfill developers whose projects could not be permitted as a result of last year’s solid waste legislation are entitled to compensation from the State; DENR calculates that these payments will be \$3,117,000. Reimbursement payments will be delayed until the solid waste tax is implemented and revenue collected. Second, DENR’s assessment and cleanup of old unlined landfills will be delayed by six months and \$6,040,325 less will be available for these cleanups in FY 2008-09. Next, grants to local governments for recycling and solid waste programs paid for by the Solid Waste Management Trust Fund would be delayed by six months and the available revenue would be reduced by \$1,510,081. Finally, payments to local governments for solid waste management and services would be decreased by \$4,530,244 and delayed by six months.

**SOURCES OF DATA:** Department of Environment and Natural Resources

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION: (919) 733-4910**

**PREPARED BY:**

Kristin Walker

**APPROVED BY:**

Lynn Muchmore, Director  
Fiscal Research Division

**DATE:** June 26, 2008



**Signed Copy Located in the NCGA Principal Clerk's Offices**