

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

The fiscal impact of SB 180 on local government is indeterminable but is estimated to range from minimal to moderate.

"Municipal solid waste" means "household solid waste" or "commercial solid waste" (as each is defined in KRS 224.01-010). These terms, and thus, the term "municipal solid waste" are defined as follows:

"Household solid waste" means solid waste, including garbage and trash generated by single and multiple family residences, hotels, motels, bunkhouses, ranger stations, crew quarters, and recreational areas such as picnic areas, parks, and campgrounds, but it does not include tire-derived fuel; and

"Commercial solid waste" means all types of solid waste generated by stores, offices, restaurants, warehouses, and other service and nonmanufacturing activities, excluding tire-derived fuel and household and industrial solid waste.

Over one-quarter of cities (28%) operate their own solid waste collection and disposal system. About 60 percent of cities contract with a private waste management company to collect and dispose of their residents' solid waste. Cities spent around \$82 million in FY 2013 on solid waste collection and disposal, excluding salaries, wages, and benefits.

Although the word "municipal" generally refers to a city, as opposed to a county or state, the term, "municipal solid waste" as defined in statute can be city, county, state, or out-of-state household or commercial solid waste. As noted above, many cities (and counties) have their own solid waste services and landfill operations, while others contract for municipal solid waste pickup, hauling, and landfill operations.

In summary, to the extent that SB 180 will require upgrades to waste transportation there will be costs associated with compliance. The Kentucky League of Cities (KLC) expects that the additional requirements in Section 1(1) of SB 180, relating to leak-proof containers while transporting municipal solid waste, would likely require considerable upgrades in collection and transportation systems for solid waste operators. KLC estimates that a one-percent increase in costs for new equipment would result in an increase of around \$820,000 to Kentucky cities. These costs will likely be passed on to those local governments which directly provide municipal solid waste services, and to those that contract for services. In turn, **these costs may be passed on to consumers in the form of higher fees or taxes.**

Data Source(s): Kentucky Municipal Utilities Association; LRC staff; Kentucky League of Cities

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