

1 AN ACT relating to circular energy facilities.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔ SECTION 1. A NEW SECTION OF SUBCHAPTER 40 OF KRS CHAPTER
4 224 IS CREATED TO READ AS FOLLOWS:

5 *As used in Sections 1 to 4 of this Act:*

6 (1) "Advanced recovery facility" means an industrial energy facility, other than an
7 incinerator, that is a technology-neutral, closed-vessel, continuous non-air
8 combustion system that converts organic and carbon-based wastes into fuels,
9 energy carriers, fertilizers, chemicals, and carbon products;

10 (2) "Circular energy economy" means an economic model that avoids landfilling
11 wastes by keeping materials in use as long as possible, minimizing waste
12 generation, and recovering materials for use in new products, fuels, or energy
13 carriers;

14 (3) "Circular energy facility" means an industrial energy facility that receives and
15 processes various types of organic and inorganic nonhazardous wastes, including
16 but not limited to municipal household waste, construction and demolition waste,
17 medical waste, agricultural wastes, and coal-related waste streams such as fly ash
18 and processes those wastes using water-based acid hydrolysis to:

19 (a) Maximize resource recovery;

20 (b) Minimize harmful environmental emissions; and

21 (c) Generate energy, fuels, advanced materials, or other commercially useful
22 by-products; and

23 (4) "Energy carriers" means storable or transportable intermediate forms of energy
24 produced through thermal, biological, chemical, or mechanical conversion
25 processes, including but not limited to:

26 (a) Hydrogen;

27 (b) Renewable natural gas;

6 ➔ SECTION 2. A NEW SECTION OF SUBCHAPTER 40 OF KRS CHAPTER
7 224 IS CREATED TO READ AS FOLLOWS:

8 The General Assembly finds and declares:

9 (1) That the landfilling of wastes is an untenable, outdated method of waste
10 management that reduces available arable land, produces secondary wastes and
11 leachates, creates public and sanitary issues such as noise and odor, and attracts
12 flies and other vermin, while not fully processing or treating the wastes deposited
13 in the landfill;

14 (2) It is in the interest of the Commonwealth for the protection of the health and
15 safety of the public and the environment to transition to a circular energy
16 economy;

17 (3) The Commonwealth's transition to a circular energy economy will integrate
18 resource use and resource recovery into the Commonwealth's energy production.
19 and utilize various wastes, including industrial, agricultural, sewer wastes and
20 sludges, plastics, and waste tires and recovered materials such as fly ash, slurry,
21 and gob piles, to produce low-cost energy for various energy users from industrial
22 to residential;

23 (4) Recoverable economic value embodied in nonhazardous waste streams should not
24 be destroyed through regulatory exclusion when superior technologies exist that
25 materially advance the Commonwealth's economic, environmental, and energy
26 objectives;

27 (5) Promoting and providing incentives for circular energy facilities will improve the

1 efficiency of waste management in the Commonwealth; and
2 (6) Circular energy facilities are deemed to be a superior method of processing
3 nonhazardous wastes due their use of non-combustive, sealed, pressure-based
4 hydrothermal or hybridized systems and their ability to:

5 (a) Reduce and treat the volume of wastes,
6 (b) Render the wastes inert;
7 (c) Create energy, fuels, bioproducts, and advanced materials; and
8 (d) Allow for extraction, separation, and recovery of reusable materials.

9 → SECTION 3. A NEW SECTION OF SUBCHAPTER 40 OF KRS CHAPTER
10 224 IS CREATED TO READ AS FOLLOWS:

11 (1) The Circular Economy and Advanced Recovery Advisory Council is hereby
12 established and shall be attached to the cabinet for administrative purposes and
13 staff support. Members of the council shall be appointed by the Governor as
14 follows:

15 (a) The director of the Division of Waste Management or his or her designee,
16 who shall be an ex officio member and serve as chair;
17 (b) The manager of the Recycling and Local Assistance Branch within the
18 Division of Waste Management or his or her designee, who shall be an ex
19 officio member;
20 (c) One (1) member representing the Kentucky Association of Counties;
21 (d) One (1) member representing the solid waste coordinators in Kentucky
22 selected by the Kentucky Recycling Coalition;
23 (e) One (1) member representing circular energy economy and advanced
24 recovery technology developers, selected from an association whose
25 membership is limited to non-combustive conversion technologies or, if
26 such association does not exist, from nominees submitted by Kentucky-
27 based circular economy developers;

1 (f) One (1) member representing the Kentucky League of Cities;

2 (g) One (1) member representing an environmental nonprofit organization
3 based in the Commonwealth;

4 (h) One (1) member representing an academic institution within the
5 Commonwealth, with expertise in circular economy systems, environmental
6 science, bioenergy, materials engineering, or sustainable supply-chain
7 development;

8 (i) One (1) member representing the Senate, appointed by the President of the
9 Senate who shall be an ex officio, nonvoting member;

10 (j) One (1) member representing the House of Representatives, appointed by
11 the Speaker of the House who shall be an ex officio, nonvoting member;

12 (k) One (1) member with expertise in municipal finance, infrastructure
13 financing, or industrial development; and

14 (l) One (1) member representing the private sector, with expertise in supply-
15 chain modernization, manufacturing, renewable fuels, bioproducts, or
16 advanced materials.

17 (2) The council shall meet quarterly or more frequently at the call of the chair.

18 (3) The council shall evaluate, advise, and make recommendations on policies that
19 advance the Commonwealth's focus on the circular energy economy and
20 maximize economic development opportunities arising from advanced recovery
21 technologies. The duties of the council include but are not limited to the
22 following:

23 (a) Examining the process of siting circular energy facilities and identifying
24 impediments to the process of siting circular energy facilities;

25 (b) Identifying the costs and benefits of using specific incentives to site circular
26 energy facilities, including creating investment tax credits, sales and use tax
27 exemptions, an energy crop producer certification program, or providing for

bonding, or a special financing authority;

(c) Developing an expedited permitting process that gives preference to waste facilities using non-combustible technologies, as a pathway for preferred class of conversion technologies;

(d) Identifying, mapping, and establishing a pre-approved inventory of brownfield, industrial properties, coal waste deposits, impoundments, legacy landfills, reclaimed lands and other suitable areas for siting circular economy projects and associated industrial or manufacturing facilities;

(e) Developing guidance for regulatory and permitting frameworks that differentiate non-combustive conversion technologies, including biological processing, pressure-differential systems, chemical recovery, and mechanical separation from combustion, incineration, gasification, or refuse-derived fuel systems;

(f) Examining the long-term economic, environmental, and community development impacts of transitioning to circular economy systems on local governments, including the impact on various solid waste fees, the environmental remediation fee, and infrastructure funding needs;

(g) Evaluating how circular economy development can stimulate rural and urban economic revitalization, support workforce expansion, advance domestic manufacturing, reduce supply-chain vulnerabilities, and create high-value industries within the Commonwealth; and

(h) Recommending statutory, regulatory, workforce, and financial reforms necessary to promote the full development of a circular economy ecosystem across the Commonwealth, including integration with agriculture, advanced manufacturing, energy production, material recovery, and innovation-driven industries.

27 (4) *The council shall submit an annual report by December 30 to the Legislative*

1 Research Commission for referral to the Interim Joint Committee on Natural
2 Resources and Energy. The report shall include findings, recommendations,
3 proposed statutory and regulatory changes, economic-development analysis,
4 updated inventory of suitable sites, and a review of technology classifications.

5 ➔ SECTION 4. A NEW SECTION OF SUBCHAPTER 40 OF KRS CHAPTER
6 224 IS CREATED TO READ AS FOLLOWS:

7 (1) The General Assembly hereby finds and declares that the classification,
8 regulation, and promotion of nonhazardous waste conversion, recovery, and
9 circular energy facilities constitute matters of statewide economic development,
10 environmental protection, energy policy, and public welfare.

11 (2) A city, county, urban-county government, solid waste management district, or
12 other political subdivision shall not adopt or enforce a county solid waste
13 management plan, ordinance, resolution, or policy that categorically prohibits,
14 excludes, or discriminates against circular energy facilities or advanced recovery
15 facilities as a class of permitted industrial or energy infrastructure.

16 (3) This section shall not be construed to:

17 (a) Require the siting of a circular energy facility at any particular location;
18 (b) Supersede or displace local zoning authority, building codes, public safety
19 review, or environmental permitting exercised in a manner consistent with
20 state law; or
21 (c) Limit the authority of the cabinet or other state agencies to regulate such
22 facilities under applicable statutes and administrative regulations.

23 (4) Cities, counties, urban-county governments, and solid waste management
24 districts are expressly authorized to contract, partner, or otherwise cooperate with
25 private developers, utilities, industrial users, or public entities for the siting,
26 financing, development, or operation of circular energy facilities, including as
27 part of brownfield redevelopment, industrial revitalization, or energy

1 infrastructure projects. A local government or solid waste management district
2 shall not prohibit the siting of a circular energy facility in a county solid waste
3 management plan.

4 (5) Local regulations affecting circular energy facilities shall be applied in a
5 nondiscriminatory manner consistent with their treatment of comparable
6 industrial, energy, or materials recovery facilities and shall not be used as a
7 mechanism to frustrate the Commonwealth's policy of maximizing recoverable
8 economic value from nonhazardous waste streams.

9 ➔Section 5. (1) The Governor shall appoint the initial members of the
10 Circular Economy and Advanced Recovery Advisory Council no later than 30 days after
11 the effective date of this Act.

12 (2) The council shall have its first meeting no later than August 15, 2026.