Local Government Mandate Statement Kentucky Legislative Research Commission 2022 Regular Session

Part I: Measure Information

Bill Request #: 495
Bill #: HB 108
Document ID #: 1622
Bill Subject/Title: AN ACT relating to solid waste and making an appropriation therefor.
Sponsor: Representative Jeffery Donohue
Unit of Government: X City X County Urban-County Unified Local
X Charter County X Consolidated Local X Government
Office(s) Impacted: Local Government
Requirement: X Mandatory Optional
Effect on Powers & Duties: X Modifies Existing X Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

This measure creates the Kentucky Packaging Stewardship Program, with the goal to reduce, divert, and recycle packaging wastes. Its intent is to create downstream markets for these recycled wastes. The bill prioritizes plastic packaging wastes by creating a program that places the burden of managing those wastes back on the entity that produced it. It creates a designation of extended producer responsibility (EPR) that requires the producer of a product to be financially and otherwise responsible for the end-use management. This includes the cost of disposing, recycling, or expanded treatment to render the waste biodegradable. Each designated EPR will be assessed fees by the Energy and Environment Cabinet to defray disposal costs. All EPR fees are directed to the Kentucky Pride Fund to be used for the purpose of implementing the Kentucky Packaging Stewardship Program. Local government are among the entities eligible for grants to develop or create downstream markets for recycled wastes.

This analysis only applies to sections of HB 108 with an identified fiscal impact on local government.

Section 2 creates the Kentucky Packaging Stewardship Program. It directs the Energy and Environment Cabinet to promulgate administrative regulations to establish, at a minimum:

Requirements for characterizing municipal solid waste;

Methods to characterize and categorize the contents and different types of municipal solid wastes;

Procedures to identify and notify producers associated with the wastes and issue an EPR; Ways to select and notify candidates and constitute a working group for each EPR; and Requirements and methods of setting producer responsibility fees.

Section 6 creates producer fees. These fees shall be calculated by the cabinet based on each producer's contribution to the packaging wastes under the EPR to the total amount of the state's packaging waste disposed of during the fiscal year prior to the remittance date imposed by the cabinet. Proceeds from the fee shall be deposited into the Kentucky Pride Fund that is administered by the cabinet and used for the purpose of implementing the Kentucky Packaging Stewardship Program.

Section 9 requires the cabinet to reduce the amount of solid waste disposed of in municipal solid waste disposal facilities by meeting waste reduction targets, minimum recyclable content standards, or both. It gives priority in grants and loans for projects and practices that are consistent with Section 2 of this Act.

Subsection 7 of Section 10 is added to outline the provisions under which grants can be made to manage packaging wastes that are under an EPR. It allows the cabinet to condition grant awards to ensure compliance with Sections 2 and 3 of this legislation. Some of these additional requirements on solid waste facilities could impact solid waste management at the local level.

The fiscal impact of this measure is indeterminable. This bill will likely increase administrative oversight of municipal solid waste facilities as well as generate hard costs expenditures associated with implementing the stewardship program. As this bill is expected to generate revenues for the Kentucky Pride Fund, local governments may apply for grants to develop and/or expand downstream markets/programs for recycled wastes. This may help in defraying any additional costs to local government.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II, above, pertains to the bill as introduced.

Data Source(s): LRC Staff

Preparer: MJO (ms) Reviewer: KHC Date: 1/5/22