

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 22, 2010
POSITION: Neutral

BILL NUMBER: SB 231
AUTHOR: A. Lowenthal

BILL SUMMARY: Hazardous Waste: Generator Fees

Current law requires hazardous waste generators to pay an annual fee based on the amount of waste created at each generator site. This bill would alter the method by which the hazardous waste generator fee is adjusted over time.

FISCAL SUMMARY

The bill would have no immediate fiscal impact to the Department of Toxic Substances Control (Toxics). The changes would be revenue neutral in 2010-11. Revenue in future years could increase or decrease depending on the amount appropriated to the Hazardous Waste Control Account (HWCA).

COMMENTS

The Department of Finance is neutral on this bill as it does not affect program delivery and would provide a reasonable method for calculating the hazardous waste generator fee.

Generators of hazardous waste currently pay a fee for each generator site based on rate tiers calculated according to the amount of waste generated. The hazardous waste generator base fee was established at \$2,748 in 1997 and is adjusted annually according to the Consumer Price Index (CPI). The current base rate is \$3,949. The amount of fee paid by a generator varies from \$0 for less than five tons generated annually to 20 times the base fee for generators of more than 2,000 tons.

The bill would reset the base fee to the 2010 level and eliminate the automatic CPI adjustment. Instead, the fee would be adjusted annually based on the total cost of programs supported by the HWCA. The increase would be limited to no more than 5 percent annually and no increase would be allowed in any year in which there is a HWCA reserve balance greater than one-third of the annual revenue generated by the fee. Finance does not have an issue with this system as it would more closely match fee revenue to actual expenses.

HWCA revenue and expenses have been constant at about \$50 million since 2008-09 and, as expected, the fund balance has remained the same over that period. Finance notes that because the current fund balance is more than one-third of the revenue (the balance for 2010-11 is projected to be \$24 million), it's likely there would be no fee in the next few years under the provisions of the bill.

Analyst/Principal (0622) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

AUTHOR

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SB 231

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	
1256/Othr Reg Fee	RV	No		-----	See Fiscal Analysis	-----			0014
3960/ToxicSubCtrl	SO	No		-----	No/Minor Fiscal Impact	-----			0014

<u>Fund Code</u>	<u>Title</u>
0014	Hazardous Waste Control Account