

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1381 (Delegate Stup)
Environmental Matters

State Assumption of Waste Facilities

This emergency bill provides that by September 1, 1997, the owner or operator of a refuse disposal system, solid waste acceptance facility, and recycling facility may request that the Maryland Department of the Environment (MDE) assume ownership, operation, and control of the facility. MDE is responsible for all outstanding financial obligations of any assumed facilities, and the requirements of any consent decrees or judgements under which the facility is operating.

MDE may not issue a permit to install, materially alter, or materially extend a solid waste incinerator, or take such actions on an incinerator over which it has assumed control.

Fiscal Summary

State Effect: Potential significant increase in expenditures; potential indeterminate increase in revenues.

Local Effect: Potential significant decrease in expenditures; potential indeterminate decrease in revenues.

Small Business Effect: Potential meaningful impact on small businesses as discussed below.

Fiscal Analysis

Bill Summary: MDE must operate the facility in compliance with State and local requirements, and may not significantly alter the operational status, functions, or hours of the facility. MDE may not charge tipping fees at any assumed facility greater than \$40 per ton without receiving the written approval of the Legislative Policy Committee (LPC). A local jurisdiction may continue to take action against a facility assumed by the State to prevent or

abate an imminent or substantial endangerment to the public health or the environment.

Every individual employed by facilities over which the State has assumed control must be transferred to MDE, without any change or loss of rights or status.

State Effect: State expenditures could increase significantly under this bill. Total costs would depend upon the number and types of facilities that request assumption of operations by the State. It is assumed that profitable enterprises would not be likely to make such a request, whereas facilities with operating losses, high liability exposure, upcoming closure costs, or other financial difficulties would be more likely to request State assumption. The facilities that would be eligible for State assumption under the provisions of the bill include incinerators, transfer stations, landfills, processing facilities, rubble landfills, and recycling facilities.

Operating costs vary widely by facility type and size. For instance, there are two small municipal waste incinerators and two large municipal waste incinerators in current operation (this estimate does not include medical waste incinerators). The average operating expenses for a small incinerator (360 tons/day) are approximately \$5 million per year. The average operating expenses for a large incinerator (1,800 - 2,200 tons/day) are about \$30 to \$40 million per year. There are approximately 34 industrial and municipal landfills in the State; the average cost of operating a large municipal landfill is estimated to be \$68,000 per acre/per year.

There are 18 non-federal public and private rubble landfills in the State. The annual operating expenses for the State's rubble landfills is estimated to be \$8 million based on operation and maintenance costs of approximately \$4 per ton of rubble landfill at 2 million tons throughout the State. No information is currently available on the operating costs of medical waste incinerators, processing facilities, transfer stations, or recycling facilities.

Significant capital costs would be incurred for closure, post-closure, and potential site cleanup for assumed industrial and municipal landfills. Closure and post-closure operations typically consist of putting an impermeable cap over the landfill and installing monitoring equipment. The estimated total closure and post closure costs for all landfills in the State is \$535.9 million. The exact cost for remediation varies considerably; MDE estimates that potential site cleanup costs for all existing landfills is \$404 million. Obviously, these costs would be spread out over a period of time, depending upon the usable life of the landfills.

Closure and post-closure operations for rubble landfills are similar to municipal solid waste landfills except leachate handling and treatment and landfill gas venting is not required. A

1994 assessment of solid waste management for rubble landfills estimated closure costs to be \$90,000 to \$140,000 per acre. Using \$120,000 per acre and based on 618 acres in the State, the estimated closure costs for all rubble landfills could be \$74 million. Annual post closure costs are estimated to range from \$40,000 to \$180,000 per acre. Using \$110,000 per acre and based on 618 acres, the estimated post-closure costs for all rubble landfills could be \$67.9 million. Again, these costs would be spread out over a period of time, depending upon the usable life of the rubble landfills.

Additional significant expenditures could be incurred due to any outstanding liabilities against an assumed facility, as well as the costs of complying with any consent decrees or judgements. No estimate is currently available on the total potential costs of this requirement. In addition, MDE must transfer all existing personnel at assumed facilities to the State payroll. The total salaries and benefits cannot be determined at this time, but are potentially significant. In addition, benefit costs for these employees could increase under the State system.

State revenues would increase by an indeterminate amount due to tipping fees, which can be set at up to \$40 per ton. Actual tonnage received would depend upon the number and types of facilities that request assumption.

Local Effect: To the extent that local jurisdictions request that municipal facility operations be assumed by the State, local expenditures could decrease significantly. It cannot be determined at this time how many local jurisdictions would take advantage of this provision. Cost savings would be similar to the costs outlined in the State Effect section above, depending upon facility type. Local revenues would decrease for these facilities due to the loss of tipping fees.

It is assumed that profitable enterprises would not be likely to make such a request, whereas facilities with operating losses, high liability exposure, upcoming closure costs, or other financial difficulties would be more likely to request State assumption.

Small Business Effect: It cannot be determined at this time how many small businesses would take advantage of this provision. It is assumed that profitable enterprises would not be likely to make such a request, whereas facilities with operating losses, high liability exposure, upcoming closure costs, or other financial difficulties would be more likely to request State assumption. Cost savings would be similar to the costs outlined in the State Effect section above, depending upon facility type. The restrictions imposed under the bill on solid waste incinerators should not affect small businesses, as the four facilities currently operational are not small businesses.

To the extent that the \$40 per ton tipping fee is less than currently charged, small businesses that dispose of waste at these landfills could benefit. MDE estimates that tipping fees currently range from \$40 to \$70, depending upon the facility. This number also varies widely over time given certain competition factors.

Information Source(s): Maryland Department of the Environment, Washington County, Department of Fiscal Services

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