

**Finance, Revenue & Bonding Committee**

March 7, 2011

House Bill No. 6388: An Act Implementing the Governor's Budget  
Recommendations Concerning the Office of Policy and Management

Testimony Submitted by:

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Senator Daily, Representative Widlitz, Senator Roraback, Representative Williams and members of the Finance, Revenue and Bonding Committee, my name is John Pizzimenti and I am the Director of Environmental Services for Murphy Road Recycling, LLC headquartered in Enfield, Connecticut. I am proud to say that Murphy Road Recycling and its affiliated companies have grown into some of the largest locally owned and independently operated companies in the State and bring a combined 200 years worth of experience in the industry to our several thousand residential customers and thousands of commercial, industrial, and municipal customers across the New England region.

I present testimony today in the context of a bill before your Committee, House Bill No. 6388, entitled “An Act Implementing the Governor’s Budget Recommendations Concerning the Office of Policy and Management.” Specifically, I respectfully request that the Committee consider restoring the Manufacturing Machinery and Equipment Exemption (“MME”) as provided by Conn. Gen. Stat. §§12-81 and 12-94f to equipment used in connection with “recycling.” In 2006, the MME exemption was extended to include recycling equipment in an effort to encourage companies such as ours to make capital investments in the machinery and equipment necessary to respond to the public policy initiative aimed at encouraging recycling and the reclamation of material from solid waste. However, either by oversight or by design, this exemption for recycling equipment expired in 2010. Accordingly, I request that this Committee and the General Assembly restore this exemption in the course of this budget process. I have attached to my testimony the suggested change that may be made to current statute in order to accomplish this goal.

I submit to you that such an action would be both consistent with and supportive of important public policy developed by this General Assembly and the Executive Branch over the last two decades. In 2006, the State of Connecticut amended its State Solid Waste Management Plan (the “Plan”), which serves as the basis for Connecticut’s solid waste management planning and decision making for the period of Fiscal Year 2005 through Fiscal Year 2024. As you may know, the Plan identifies many of the challenges that Connecticut will face with regard to solid waste management. In addition, the Plan identified the barriers to solving those problems, establishes a vision and goals and, most importantly, presents strategies to help achieve those goals and realize that vision. One

of the visions of the Plan is to manage wastes in a manner that results in the creation of less waste and less pollution while supplying valuable raw materials to boost manufacturing economies. This vision is accomplished by significantly reducing the amount of Connecticut generated solid waste requiring disposal through increased source reduction, reuse, recycling and composting.

In fact, the Plan identifies “source reduction, recycling and composting” as its “centerpiece,” and states that, after rapid growth in the 1990’s, Connecticut’s recycling efforts became stagnant in need of reinvigoration. One of the identified reasons for this stagnation was the lack of incentives for recycling businesses or processors to locate in Connecticut. Indeed, a critical issue for policy makers was establishing incentives to encourage expansion and creation of new recycling and composting infrastructure in the State. The response, among others, was the extension of the MME exemption to recycling equipment.

I am pleased to report that these incentives have proven to be a phenomenal success. I assume that many, if not all, of the members of the Committee are personally familiar with “Single Stream Recycling.” If your experience is similar to the experience of my company, the amount of MSW being deposited into ordinary refuse containers, which, in turn, is transported to landfills and other disposal facilities has been reduced by at least one-half, if not more. The typical recycling container is no longer an eighteen-gallon box but is now a 90-gallon drum that is filled to the top on days of pick-up. This is what the consumers demanded due in large part to the public policy initiatives of this General Assembly which encouraged them to recycle. With the MME exemption as an incentive, recycling infrastructure began to be developed in this State order to support this consumer response; however, the development of this infrastructure in not complete. From experience, I can attest to the fact that developing this infrastructure is expensive; my company has invested millions of dollars in equipment and facilities in order to accommodate the increase in demand. We have made educated and informed decisions to do this based on business models, which includes the MME exemption for recycling equipment. We must base these decisions on such models because of our responsibilities to our customers and, as important, the several hundred people we employ in our operations.

In order to continue the development of the recycling infrastructure in this State, which is essential to realizing the goals established by policymakers, the MME exemption must continue into the future. We are all stakeholders in this effort. The consumers are doing their part, and businesses like mine have invested substantial capital in facilities and equipment. We respectfully ask that the policymakers here continue the incentives to allow all of us to continue to build this important infrastructure in this State.

On behalf of my company, I express my appreciation for the opportunity to provide this testimony to the Committee, and I encourage you to amend House Bill 6388 to continue the MME exemption for recycling equipment.

**Sec. 12-81. \*(See end of section for amended version of subdivisions (59) and (60) and effective date.) Exemptions.** The following-described property shall be exempt from taxation:

\* \* \* \* \*

**(76) Machinery and equipment assessed commencing on or after October 1, 2011.**

Effective for assessment years commencing on or after October 1, 2011, new machinery and equipment or newly-acquired machinery and equipment, including machinery and equipment used in connection with biotechnology and used in connection with recycling. For purposes of this subdivision, "machinery" and "equipment", [and] "biotechnology" and "recycling" shall have the same meaning as in subdivision (72) of this section. Any person claiming the exemption provided under this subdivision shall not be eligible to claim the exemption provided under subdivision (60) or (70) of this section for the same machinery and equipment;