OFFICE OF FISCAL ANALYSIS

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sHB-6664
AN ACT CONCERNING MANAGING WASTE AND CREATING A WASTE AUTHORITY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 $	FY 25 $
Department of Energy and Environmental Protection	GF - Sustainable Materials Management Account - Revenue Gain	2.4 million	2.4 million
Department of Revenue Services	GF - Revenue Loss	2.4 million	2.4 million
Office of Policy and Management	GF - Revenue Gain	2.0 million	None
Department of Energy and Environmental Protection	GF - Revenue Gain/Cost	See Below	See Below
Various State Agencies	Various - Potential Savings	None	See Below

Note: GF=General Fund; Various=Various

Municipal Impact:

Municipalities	Effect	FY 24 $	FY 25 $
Various Municipalities	Potential Savings	See Below	See Below

Explanation

The bill changes various solid waste management laws and results in the fiscal impacts described below.

Section 1 establishes a stewardship program for handling packaging materials, but only when at least four other states enact a similar stewardship program law and the total population among these states

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(and including Connecticut) exceeds 20 million. It requires the stewardship program to develop a plan and to charge fees to the packaging manufacturers, except municipalities, to cover the costs of operating and administering the program. It is unclear if the packaging manufacturers would be required to register with the Department of Energy and Environmental Protection (DEEP) in either FY 24 or FY 25 under this trigger clause; however, there is no fiscal impact to the agency under this provision since the fees would flow to the stewardship organization.

This section also requires DEEP to set fees to fully cover, but not exceed, the department's stewardship program management costs. To the extent the trigger clause in the bill requires the stewardship program to form, the bill is anticipated to result in a revenue gain to DEEP, beginning in FY 25, the revenue from which would be used to cover the department's related costs. There could be an additional revenue gain to DEEP, starting in FY 25, as it subjects violators of this section to a civil penalty of up to $25,000 per offense, and requires the attorney general to bring action in court to recover the penalty when DEEP requests to do so.

Additionally, **Section 1** includes provisions intended to ensure the cost of recycling packaging materials is borne by the stewardship program participants, not by municipalities.

Section 3 allows DEEP to issue an RFP for proposals from providers of existing or proposed solid waste management services on behalf of municipalities. To the extent this results in a better rate, there is a potential savings to certain municipalities, beginning in FY 24.

Sections 4 - 6 allow municipalities to adopt an ordinance for identifying organics including food scraps and yard waste for diversion to recycling facilities. Currently, municipalities must provide for the disposal of all solid waste generated within their boundaries, including the separation, collection, and processing of recyclable items. Any fiscal impact to municipalities in either of FY 24 or FY 25 would depend on the ordinance adopted by each municipality.

The bill requires each municipality, by October 1, 2028, to: (1) provide for food scrap separation and collection, and (2) require the solid waste collectors to transport separated food scraps to a facility authorized to process them. This has no fiscal impact to the state or municipalities in either FY 24 or FY 25 but may result in costs to municipalities in the outyears.

It is estimated that organic waste (i.e., food scraps) makes up 22% of all municipal solid waste (MSW) generated annually. In FY 22, the average tip fee was $102 per ton across all waste management facilities, according to DEEP.

Section 7 expands current law for certain organics generators, by also including hospitality, entertainment, health care, local or regional school district, and correctional institutions in the requirement to recycle separated materials, as of January 1, 2025. Public entities subject to the bill's requirements that currently pay tipping fees to waste management companies would realize savings starting in the second half of FY 25, as a certain amount of organic waste would no longer be disposed of by those companies and subject to the tip fees.

Sections 8 and 18 transfer any solid waste assessment revenue in excess of $2.8 million to DEEP's sustainable materials management account. This results in an estimated $2.4 million General Fund revenue loss and a commensurate revenue gain to the sustainable materials management account annually, beginning in FY 24. In FY 22, the General Fund received $5,156,088 through the solid waste assessment. The account currently receives funding from certain energy compliance payments (when particular renewable energy requirements are not met).

Section 9 broadens the scope of the current law concerning solid waste collector contracts and, as of July 1, 2025, expands these requirements to contracts with any customers, not just business clients. It also increases items that must be collected under these contracts to include nickel-cadmium batteries, grass clippings, and other recyclable items. While this has no fiscal impact in either FY 24 or FY 25, this may result in a municipal savings in the outyears, to the extent some volume of MSW is removed from the solid waste stream and is no longer subject to tipping fees.

Sections 10 - 17 establish~~es~~ the Connecticut Waste Authority (CWA) as the successor quasi-public authority to the Materials Innovation and Recycling Authority (MIRA). It requires CWA to continue to operate MIRA's transfer stations until DEEP determines that acceptable alternatives are available. Additionally, it makes the Department of Administrative Services (DAS) the successor agency to CWA on July 1, 2025, which has no fiscal impact to DAS.

Section 14 results in a revenue gain of $2 million in FY 24 to the Office of Policy and Management (OPM) from CWA to a nonlapsing General Fund account that OPM must establish to be used towards MIRA's closure and the operation of CWA.

The bill makes other changes that are not anticipated to result in a fiscal impact to the state or municipalities in FY 24 or FY 25.

The Out Years

The annualized ongoing fiscal impacts described above would continue into the future subject to inflation, except for the $2 million revenue gain to OPM, which would occur in FY 24 only.

Section 2 requires, starting by July 1, 2025, that certain beverage container producers that sell or distribute plastic beverage containers register yearly with DEEP. As the bill requires each producer pay a fee to cover DEEP's cost associated with implementing, administering, and enforcing the recycled content requirements, there would be a cost and revenue gain to DEEP, starting in FY 26 and continuing, for this purpose.

Sections 4 – 6 may result in costs to municipalities, starting in FY 29, since it requires each municipality, by October 1, 2028, to provide for the separation and collection of organic~~s~~ waste, including the collection and transportation to a facility that is authorized to process this material.