sHB-6664
AN ACT CONCERNING MANAGING WASTE AND CREATING A WASTE AUTHORITY.
As Amended by House "A" (LCO 9708)
House Calendar No.: 351
Senate Calendar No.: 611

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 $	FY 25 $
Treasurer, Debt Serv.	GF - See Below	See Below	See Below
CT Green Bank	GO Bonds - See Below	See Below	See Below
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
Policy & Mgmt., Off.	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; GO Bonds=General Obligation Bonds; 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

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in the fiscal impacts described below.

Section 3 allows DEEP to (1) issue an RFP from providers of existing or proposed solid waste management services on behalf of municipalities, and to (2) enter into an agreement for the certain such services. To the extent this results in a better rate for waste management services, there is a potential savings to certain municipalities, beginning in FY 24.

Section 4 allows 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.

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 to include additional types of facilities such as school districts, health care institutions, and correctional institutions in the requirement to recycle separated organic materials, as of January 1, 2025. Public entities that are subject to the bill's requirements and 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). The bill also allows for this funding to be used to support infrastructure development that is necessary to support certain types of solid waste facilities.

Additionally, **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. While this has no fiscal impact in either FY 24 or FY 25, it 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 and 19 - 20 establish the MIRA Dissolution Authority (MDA) as the successor quasi-public authority to the Materials Innovation and Recycling Authority (MIRA). The bill requires MDA to continue to operate MIRA's transfer stations until DEEP determines that acceptable alternatives are available. Additionally, the bill makes the Department of Administrative Services (DAS) the successor agency to MDA on July 1, 2026, 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) as it transfers the amount from the MDA to a nonlapsing General Fund account that OPM must establish to be used towards MIRA's closure and the operation of MDA.

Sections 505 and 506 allow the Connecticut Green Bank to issue bonds for solid waste facilities as environmental infrastructure bonds, under agreements with DEEP. This may result in a potential cost subject to where bonds are issued, and the terms of the bonds in FY 24 and FY 25.

The bill also increases the Connecticut Green Bank special capital reserve fund (SCRF) bond authorization, from $250 million to $500 million. To the extent the additional bonds are issued, there is a potential impact to the state's debt service going forward through the life of any bonds issued.

In order to issue SCRF-backed bonds, the Green Bank must get approval from the State Treasurer. The State Treasurer is not expected to approve the issuance of SCRF-backed bonds unless the Green Bank can show that it will be able to generate sufficient revenue from its activities to pay the debt service on the bonds. As of November 2022, the Green Bank had outstanding SCRF-backed debt of $46.4 million.[1]

Background: SCRF-backed bonds are a contingent liability of the state. The SCRF provides a higher level of repayment security, which results in a lower rate of interest on the bond issuance than the relevant market rate. In the event that the SCRF is drawn down in part or completely, a draw on the General Fund is authorized and the SCRF is fully restored. The draw on the General Fund is deemed to be appropriated and is not subject to the constitutional or statutory appropriations cap. If draws on a SCRF continue, the annual draws on the General Fund required to refill it also continue until the fund is replenished by the bond issuer or the underlying debt is repaid.[2]

Lastly, 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.

House "A" eliminates a requirement in the underlying bill for a packaging stewardship program which removes a fee that would have resulted in a DEEP cost and commensurate revenue gain beginning in FY 25 under certain conditions. It also adjusts requirements regarding recyclable content in beverage containers, which alters the revenue gain to DEEP associated with producer registration fees. Additionally, House "A" eliminates a municipal requirement for the provision of food scrap separation and collection by October 1, 2028 which eliminates potential costs and associated savings to municipalities in the outyears. House "A" also adds the Connecticut Green Bank provisions that results

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[1] Source: December 2022 General Obligation Bonds Official Statement

[2] Contingent liabilities do not count against the state’s statutory limits on General Obligation bonding.

in the impacts described above. Lastly, House "A" makes other changes that have no fiscal impact to the state or municipalities.

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.

Additionally, **Section 2** results in a General Fund revenue gain, beginning in FY 26 and every five years thereafter, to DEEP since it requires that beverage container producers remit an initial registration fee of $500 by April 1, 2026. The amount of the General Fund revenue gain is dependent on the number of producers that must pay the fee, as certain lower-volume producers are exempted.