

- The Ohio EPA is authorized to impose an additional fee on the disposal of C&DD at a C&DD facility for the purpose of funding ground water monitoring at C&DD facilities. Ohio EPA will receive a portion of fees collected, and revenues will be deposited in the Construction and Demolition Debris Facility Ground Water Monitoring Fund.
- Potential revenues and expenditures for FY 2005 reflect only half of FY 2005.

Local Fiscal Highlights

LOCAL GOVERNMENT		FY 2005	FY 2006	FUTURE YEARS
Municipalities or Townships				
Revenues	Potential gain up to \$520,000		Potential gain up to \$520,000	Potential gain up to \$520,000
Expenditures	- 0 -		- 0 -	- 0 -
Counties				
Revenues	Potential gain up to \$390,000		Potential gain up to \$390,000	Potential gain up to \$390,000
Expenditures	- 0 -		- 0 -	- 0 -
Local Health Districts				
Revenues	Net gain between \$2.3 million and \$3.2 million from oversight disposal fees. Additional gain of approximately \$123,500 from authorized ground water monitoring disposal fee		Net gain between \$2.3 million and \$3.2 million from oversight disposal fees. Additional gain of approximately \$123,500 from authorized ground water monitoring disposal fee	Net gain between \$2.3 million and \$3.2 million from oversight disposal fees. Additional gain of approximately \$123,500 from authorized ground water monitoring disposal fee
Expenditures	Potential minimal increase associated with ground water monitoring activities		Potential minimal increase associated with ground water monitoring activities	Potential minimal increase associated with ground water monitoring activities

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Municipalities or townships may appropriate up to 4¢ per cubic yard or 8¢ per ton of the newly established oversight disposal fee. Assuming they do so at the maximum rate permitted, municipalities or townships will receive approximately \$520,000 annually.
- Counties may appropriate up to 3¢ per cubic yard or 6¢ per ton of the newly established oversight disposal fee. Assuming they do so at the maximum rate permitted, counties will receive approximately \$390,000 annually.
- Local health districts will receive a portion of the new oversight disposal fee as well. Depending on the amount of the fee appropriated by municipalities or townships and counties, it is estimated that health districts will gain (net) between \$2.3 million and \$3.2 million annually.
- Local health districts will receive a portion of the newly authorized ground water monitoring disposal fee.

Detailed Fiscal Analysis

The bill changes the funding mechanism through which local boards of health and the Ohio Environmental Protection Agency (Ohio EPA) regulate the disposal of construction and demolition debris (C&DD). The bill also specifies that C&DD may be disposed in either a licensed C&DD facility or a licensed solid waste facility. H.B. 432 replaces the annual license fee, currently assessed to C&DD facilities, with a disposal fee of 30¢ per cubic yard or 60¢ per ton of construction debris. This disposal fee is shared between local health districts and Ohio EPA. A portion of the fee also may be appropriated by municipalities or townships and counties. In addition to this fee, the Ohio EPA is authorized to impose a separate fee of up to \$.05 per cubic yard or \$.10 per cubic ton on the disposal of C&DD at a C&DD facility for the purpose of funding annual ground water monitoring at C&DD facilities.

Establishment of Disposal Fees

I. New Disposal Fee – Construction and Demolition Debris Facility Oversight

Currently, C&DD facilities pay a \$3,000 license fee annually. H.B. 432 replaces this license fee with a 30¢ per cubic yard or 60¢ per ton disposal fee. The disposal fee will be collected by owners/operators of C&DD facilities or solid waste facilities and transmitted to local health districts or to Ohio EPA, where appropriate, in order to help fund oversight of C&DD facilities by local boards of health or Ohio EPA.

Sixty-nine (69) C&DD facilities are currently licensed with the state.¹ These facilities collect approximately 13 million cubic yards of construction and demolition debris per year. All facilities currently measure their volume by the cubic yard (not by the ton).

Current Annual License Fee

There are two groups of C&DD facilities in Ohio; those licensed and regulated by local boards of health and those regulated by Ohio EPA. Of the 69 facilities in Ohio, boards of health regulate 65.² Each \$3,000 license fee is split so that \$1,500 goes to the local board of health and \$1,500 goes to Ohio EPA (Fund 4U7, Construction and Demolition Debris Facility Oversight). Ohio EPA solely regulates the remaining four facilities because they are located in health districts that are not approved to regulate C&DD disposal. In these instances, the agency collects the entire \$3,000 license fee. Table 1 shows the annual distribution of these license fees.

¹ Most recent Ohio EPA data indicates that 72 C&DD facilities are now licensed. When this analysis was begun, 69 facilities were permitted. This number will be left as the basis for the analysis. It should be noted that totals will change proportionately with the number of licensed facilities.

² For purposes of this analysis, 65 will be left as the number of facilities located in local health districts that are on Ohio EPA's approved list. As mentioned above, the number of licensed facilities has increased. It is possible, therefore, that the number of facilities located in approved districts has also increased.

Table 1	
Current Annual Fee Distribution	
License Fee: \$3,000	
Local boards of health receive half of license fee	\$1,500 * 65 facilities
Total to all Local Boards of Health	\$97,500
Ohio EPA receives half of license fee	\$1,500 * 65 facilities
Ohio EPA receives entire license fee	\$3,000 * 4 facilities
Total to Ohio EPA (Fund 4U7)	\$109,500

Disposal Fee – Without Municipalities or Townships and Counties

Under H.B. 432, the newly established disposal fee will be split so that 27¢ per cubic yard or 54¢ per ton will be distributed to local boards of health and 3¢ per cubic yard or 6¢ per ton will go to Ohio EPA. For the four facilities regulated solely by Ohio EPA, the entire disposal fee of 30¢ per cubic yard or 60¢ per ton will go to the agency. Table 2 (a) shows this distribution of disposal fees, with no appropriation made for municipalities or townships and counties.³ Under this funding mechanism, local boards of health will collect net revenues of approximately \$3.2 million and Ohio EPA will collect net revenues of approximately \$484,000 per year.

Table 2 (a)		
Disposal Fee Distribution		
Excludes municipalities or townships and counties		
<i>Based on 30¢ per cubic yard disposal fee on 13 million cubic yards of debris annually</i>		
Category	Notes	Total
Disposal fee distribution		
Local boards of health receive a portion of fee	27¢ fee @ 65 facilities	\$3,306,522
Ohio EPA receives a portion of fee	3¢ fee @ 65 facilities	\$367,391
Ohio EPA receives entire fee	30¢ fee @ 4 facilities	\$226,087
Total to local boards of health		\$3,306,522
Total to Ohio EPA (Fund 4U7)		\$593,478
Net gain from passage of H.B. 432		
(New revenue – current revenue⁴)		
Local boards of health	(\$3,306,522 - \$97,500)	\$3,209,022
Ohio EPA (Fund 4U7)	(\$593,478 - \$109,500)	\$483,978

Disposal Fee – With Municipalities or Townships and Counties

³ Analysis from this point will use cubic yards as its base. For reference, a cubic yard of debris may range from 0.25 to 1.0 tons. In terms of an accepted per-ton average, one cubic yard of debris weighs 0.5 tons. Therefore, there are 2.0 cubic yards of debris in 1.0 ton.

⁴ “Current revenue” is based on the current license fee (see Table 1).

The bill allows municipalities and townships to appropriate up to 4¢ per cubic yard or 8¢ per ton of the newly established disposal fee. Counties may also appropriate up to 3¢ per cubic yard or 6¢ per ton. Assuming each local entity does so at the maximum rate permitted, the portion that local boards of health will receive declines to 20¢ per cubic yard or 40¢ per ton. For the four facilities regulated solely by Ohio EPA, the agency will receive 23¢ per cubic yard or 46¢ per ton. Table 2 (b) shows this distribution of disposal fees, with full appropriation made for municipalities or townships and counties. Under these estimates, municipalities and townships will receive \$520,000, counties will receive \$390,000, local boards of health will collect \$2.3 million and Ohio EPA will collect \$431,000 per year.

Table 2 (b)		
Disposal Fee Distribution		
Includes municipalities or townships and counties		
<i>Based on 30¢ per cubic yard disposal fee on 13 million cubic yards of debris annually</i>		
Category	Notes	Total
Disposal fee distribution		
Municipalities or townships receive an appropriation	4¢ fee @ 69 facilities	\$520,000
Counties receive an appropriation	3¢ fee @ 69 facilities	\$390,000
Local boards of health receive a portion of fee	20¢ fee @ 65 facilities	\$2,449,275
Ohio EPA receives a portion of fee	3¢ fee @ 65 facilities	\$367,391
Ohio EPA receives entire fee (minus appropriation)	23¢ fee @ 4 facilities	\$173,333
Total to local boards of health		\$2,449,275
Total to Ohio EPA (Fund 4U7)		\$540,724
Total to municipalities or townships		\$520,000
Total to counties		\$390,000
Net gain from passage of H.B. 432		
(New revenue – current revenue)		
Local boards of health	(\$2,449,275 - \$97,500)	\$2,351,775
Ohio EPA (Fund 4U7)	(\$540,724 - \$109,500)	\$431,224
Municipalities or townships	(\$520,000 - \$0)	\$520,000
Counties	(\$390,000 - \$0)	\$390,000

II. Authorized New Disposal Fee – Construction and Demolition Debris Facility Ground Water Monitoring

The bill authorizes Ohio EPA to impose an additional fee of up to \$.05 per cubic yard or \$.10 per ton on the disposal of C&DD at C&DD facilities for the purpose of funding annual ground water monitoring at C&DD facilities. For facilities located in local health districts that are on Ohio EPA’s approved list under section 3714.09 of the Revised Code, 80% of this fee will be remitted to Ohio EPA to the credit of the Construction and Demolition Debris Facility Ground Water Monitoring Fund, and 20% of this fee will be retained by local boards of health and paid into a newly created special fund of the local health district. For those facilities located in local health districts that are not on Ohio EPA’s

approved list, the entire fee will be remitted to Ohio EPA.⁵ Both of these new funds will be used to pay for the installation of wells and the sampling and laboratory analysis of ground water at C&DD facilities.

Revenues

Using 13 million cubic yards of C&DD collected annually at C&DD facilities as the basis for calculation, and assuming Ohio EPA chooses to adopt rules imposing the maximum fee based on cubic yards (\$.05) of C&DD, Ohio EPA could expect annual revenues in the Construction and Demolition Debris Facility Ground Water Monitoring Fund of up to approximately \$528,000. Local boards of health may receive additional annual revenues of up to approximately \$123,500. Table 3 shows the possible distribution of ground water monitoring fees. These calculations assume that fees are collected on *all* cubic yards of C&DD collected at C&DD facilities.

Table 3		
Authorized Ground Water Monitoring Disposal Fee Distribution		
<i>Based on \$.05 per cubic yard disposal fee on 13 million cubic yards of debris annually</i>		
Category	Notes	Total
Disposal fee distribution		
Local boards of health receive a portion (20%) of fee	\$.01 fee @ 65 facilities	\$123,500
Ohio EPA receives a portion (80%) of fee	\$.04 fee @ 65 facilities	\$490,000
Ohio EPA receives entire fee	\$.05 fee @ 4 facilities	\$38,000
Total to local boards of health		\$123,500
Total to Ohio EPA (C&DD Ground Water Monitoring Fund)		\$528,000

Expenditures

Overview. All fees deposited in the Construction and Demolition Debris Facility Ground Water Monitoring Fund and all fees retained by local boards of health shall be used to offset expenses associated with implementing annual ground water monitoring at C&DD facilities. It is difficult to estimate how much money might be expended to conduct annual ground water monitoring. If rules are adopted imposing this fee, either Ohio EPA or local boards of health, depending on whether a particular C&DD facility is located in an approved local health district or is regulated solely by Ohio EPA, must pay for the cost of installing wells and the sampling and laboratory analysis of ground water at those C&DD facilities already in operation that do not currently have annual ground water monitoring programs. Facilities that already conduct ground water monitoring pay for the wells, installation, and analysis themselves. For these facilities, either Ohio EPA or local boards of health must pay the cost of installing any additional wells and/or additional sampling and laboratory analysis of ground water above what the facility currently pays annually for ground water monitoring.

⁵ The bill does not state explicitly whether or not fees collected at facilities solely regulated by Ohio EPA will be split between Ohio EPA and local boards of health. For the purpose of this analysis, and based on the previously discussed oversight disposal fee, it is assumed that Ohio EPA will receive 100% of the fees collected at such facilities.

At the time of this analysis, no data was available on how many licensed C&DD facilities already have wells installed and are conducting analyses of ground water. If a facility that is already monitoring ground water does not need any further upgrades or monitoring, the bill does not state whether or not the additional ground water monitoring fee will be imposed.⁶ Presumably at those facilities neither Ohio EPA nor local boards of health would expend any money for monitoring.

Local Boards of Health and Ohio EPA duties. Although local boards of health regulate 65 C&DD facilities, the bill does not state that local boards of health will assume all responsibilities for ground water monitoring at those facilities. The bill provides some flexibility regarding the division of responsibility for funding ground water monitoring between Ohio EPA and local boards of health. It specifies that Ohio EPA shall consult with local boards of health to prioritize ground water monitoring at the various C&DD facilities. Ohio EPA may adopt rules to carry this out. Most likely Ohio EPA will develop a statewide priority list, and local boards of health will designate priorities within their local health districts. These priorities may overlap, but the bill does not mandate that a certain percentage of monitoring be done by either Ohio EPA or local boards of health. Therefore, the precise division of expenditures between Ohio EPA and local boards of health is difficult to estimate.

Purchase, installation, and monitoring costs. Ohio EPA estimates that the purchase and installation of wells may range in cost from \$1,000 to \$2,000 per facility. The annual sampling and laboratory analysis of ground water at each facility is estimated to cost \$500 to \$1,000. Assuming all facilities need to purchase and install wells and conduct ground water sampling and analysis (which is unlikely), and assuming the purchase, installation, and analysis costs are at the high end of the estimates, total expenditures of up to approximately \$207,000 during the first year of monitoring (including well purchase, installation, and sampling and analysis) may be expected. During future years, when wells have already been installed, a total of up to approximately \$69,000 may be spent annually on ground water sampling and analysis only (not including any needed well repair or replacement). As mentioned above, how these expenses would be split between Ohio EPA and local boards of health is unclear and dependent on prioritization agreements reached between Ohio EPA and local boards of health. However, because Ohio EPA will expect to receive approximately 80% of the revenue generated by this fee, this analysis assumes that Ohio EPA will also cover 80% of the costs. Table 4 shows the possible distribution of expenditures.

Table 4		
Possible Expenditure Distribution		
<i>Based on high end of expense estimates provided, with division of expenditures proportionate to division of fee revenue</i>		
	First year expenses (installation)	Future years
Ohio EPA – Ground Water Monitoring Fund	\$166,000	\$55,000
Local Boards of Health	\$41,000	\$14,000

It is impossible to estimate how much Ohio EPA and local boards of health may spend on well installation and ground water analysis at those facilities already conducting ground water monitoring. These expenses will depend on the adequacy of current ground water monitoring at applicable C&DD

⁶ If fees are not imposed at these facilities, or if lower fees are imposed, the estimated revenue would be adjusted.

facilities. Most likely there will be some combination of new purchasing, installation, and monitoring costs and upgrading of current monitoring programs. Because of the variables it is difficult to predict the overall effect of these costs; therefore, estimates provided are tentative.

Potential administrative costs. This bill requires that owners or operators of C&DD facilities allow boards of health or Ohio EPA, as applicable, to conduct ground water monitoring at those facilities. It also authorizes Ohio EPA and local boards of health to enter into contracts for the purpose of conducting annual ground water monitoring at C&DD facilities. It is possible both Ohio EPA and local boards of health will face additional administrative expenses associated with entering into contracts and prioritizing the need for upgrades and monitoring at C&DD facilities. These expenses may be higher in the first several years that the provisions of this bill are in operation and may be associated with increased oversight of ground water monitoring at C&DD facilities.

The Construction and Demolition Debris Facility Ground Water Monitoring Fund and the special local health district fund created in this bill are the only funds that may be used to support C&DD facility ground water monitoring. The bill states that neither Ohio EPA nor local boards of health will purchase or install wells or pay for the monitoring if there is insufficient money in the applicable fund to pay those costs. Also, Ohio EPA has the discretion to determine if a particular C&DD facility does not need ground water monitoring because the physical nature of the site renders it unlikely to have a negative impact on public health and the environment.

Extension of Hazardous Waste Facility Installation and Operation Permit

Under current law (R.C. 3734.02), hazardous waste facility installation and operation permits shall not exceed five years. This bill will extend this period to ten years. As a result, the approximately 40 hazardous waste facilities in the state will pay the application fee (\$1,500) for a renewal permit every ten years rather than every five years. At \$1,500 per application for renewal, 40 facilities would generate \$60,000 in fees every five years, or \$12,000 per year. As a result of the extension, 40 facilities would generate \$60,000 every ten years, or \$6,000 per year. This minimal loss in fee revenue is likely to be offset by the reduction in administrative expenses associated with permit processing.

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