

**Local Mandate Fiscal Impact Estimate
Kentucky Legislative Research Commission
2017 Regular Session**

Part I: Measure Information

Bill Request #: 801

Bill #: HB 119 HCS 1

Bill Subject/Title: AN ACT relating to solid waste management

Sponsor: Representative Jim Gooch

Unit of Government: City County Urban-County
 Charter County Consolidated Local Unified Local
Government

Office(s) Impacted: Public works

Requirement: Mandatory Optional

Effect on
Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Purpose and Mechanics

HB 119 HCS 1 requires that local governments, including solid waste management districts, inform private companies providing solid waste management services within the local government’s jurisdiction when the local government plans action that would result in business loss to the private company.

Section 1 of the bill would amend KRS 109.012 to establish new definitions including at Section 1 (6), which would define “local government” to include “solid waste management district,” and Section 1 (11) which would define “service company” as a person or entity authorized to provide solid waste management services.

Section 2 of the bill would create a new section of KRS Chapter 109 to require that local governments provide notice and opportunity to be heard to local service companies working in their jurisdiction before a local government may either, (1) elect to provide such services itself or, (2) award a franchise for solid waste management services within its jurisdiction where no franchise existed before. This prohibition would not apply in specific circumstances to an urban-county government.

The notice must be in writing sent by certified mail to all service companies within the solid waste management area at least six (6) months before a final decision. The notice must describe the proposed action, the dates, times, and locations of public hearings, and must designate a responsible public official to be available to “personally communicate” with service companies regarding the proposed action and its rationale, and the economic and employment consequences of the proposed action. A public hearing must be held between 45 days and 180 days after the written notice. The local government must accept comments at the hearing and for at least 30 days after. Within 60 days after the comment period the local government must prepare and send by certified mail a written summary of the comments and its response to them to any service company that submitted comments. If the decision of the local government is to take over from a private company the providing of solid waste management services, the effective date would be no sooner than 18 months following the local government’s decision; if the government awards a franchise to a service company where no franchise had existed, that action would be effective no sooner than 12 months following the local government’s final decision. Section 2 would require that a bid or proposal to perform solid waste management services submitted by a local government must contain the same elements required in bids submitted from service companies. The provisions of Section 2 would not apply where actions by a local government are necessary to mitigate conditions caused by a service company that threaten health or safety of community residents or are a material breach of a contract with the local government though the service company must be given notice and an opportunity to cure the condition. Nor would Section 2 apply if the local government’s action would result in the loss to the service company of 50 or fewer residential customers; however, the local government would be limited to one (1) such action every three (3) years.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

HB 119 HCS 1 would have a minimal fiscal impact on local governments

HB 119 HCS 1 would result in additional burden on local government time and staff and create an additional cost only for a city, county, or solid waste management district that elected to ‘displace’ a company providing solid waste management services within its jurisdiction. The additional costs would arise from advertising and mailing, by certified mail, notice of a public hearing, preparing a summary of comments received and the city’s responses to comments, and mailing both by certified mail to the service companies. The cost of certified mail is between \$4.61/1 oz. (if delivery confirmation is electronic) to \$6.59/1 oz. (delivery confirmation by paper return receipt). These costs would depend on the number of service companies working in a jurisdiction, but would be minimal. For example, Garrard County/Lincoln County combined have approximately 19 service companies. The cost for the two certified mail notifications required by Section 2 of the bill would range from approximately \$175 for electronic confirmation of delivery to \$250 for a paper delivery confirmation.

Data Source(s): Kentucky League of Cities; United States Postal Service

Preparer: Mary Stephens **Reviewer:** KHC **Date:** 2/21/17