

OFFICE OF FISCAL ANALYSIS

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sHB-5577

AN ACT CONCERNING SURPLUS FOOD DONATION AND ESTABLISHING FOOD COMPOSTING REQUIREMENTS.

OFA Fiscal Note

State Impact: None

Municipal Impact:

| Municipalities | Effect | FY 24 \$ | FY 25 \$ |
|------------------------|----------------|-----------------------|-----------------------|
| Various Municipalities | Potential Cost | Potential Significant | Potential Significant |
| Various Municipalities | Revenue Gain | See Below | See Below |

Explanation

The bill results in a potential cost as well as a potential revenue gain to various municipalities, beginning in FY 24, as it requires municipalities to recycle food scraps. The impacts of the bill are described below.

Section 1 of the bill directs, by January 1, 2024, the Department of Energy and Environmental Protection (DEEP) to require every town to separate organic materials (i.e., food scraps) from the waste stream for recycling at composting facilities. This could result in significant costs to various municipalities, which will vary depending on: (1) whether composting is currently part of waste management for the town; and (2) the town's waste collection methods.

Any costs to municipalities may include annual costs for staff to run the new program, in addition to one-time start-up costs, and potentially ongoing capital costs for equipment to accommodate the food scraps collection.

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3/27/23

There are currently 100 municipalities working on food scraps waste reduction programs at varying stages of implementation, and seven commercial and on-farm composting facilities are authorized to receive food scraps. Of the seven facilities that are authorized to receive food scraps, only a portion are currently receiving this material (and one has not yet been constructed). Most composting facilities are municipal leaf composting facilities that are authorized to receive and process leaves and may have authorization to add grass clippings. Of the municipal leaf composting operations that exist, four currently have authorization or pending authorization to receive and blend food scraps into their leaf composting activities.

The Sustainable Materials Management (SMM) Grant program, established under Sec. 308 of PA, 21-2, JSS, allocated grant funds to help municipalities and regional waste authorities implement food scrap collection programs; however, these grants have been exhausted for municipal pilot project implementation and technical assistance.

Additionally, **Section 1** requires commercial food wholesalers and distributors, industrial food manufacturers and processors, supermarkets, resorts, and conference centers to adopt a written policy concerning their food donation program, using certain criteria. Requiring private parties to develop a written policy about their organic food scraps has no fiscal impact on the state or municipalities.

Section 2 results in no fiscal impact as DEEP has staff with expertise to develop regulations by October 1, 2023, regarding food scraps.

Additionally, **Section 2** requires those who generate solid waste from non-residential properties to separate food scraps from other solid waste, beginning October 1, 2023. This results in no fiscal impact to the state or municipalities.

Section 3 authorizes municipalities to impose a fine of \$50 per violation for residential property owners who fail to separate designated recyclables from other solid waste, beginning in FY 24. This could result in a municipal revenue gain. The extent of any revenue

gain to a municipality will depend on the level of enforcement and the number of violations.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, changes in staff costs and benefits, and the number of violations that occur.