

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

**SENATE, No. 1206**

# **STATE OF NEW JERSEY**

DATED: JUNE 17, 2019

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1206 (1R).

This bill requires certain generators of solid waste to separate and recycle food waste, and amend the definition of “Class I renewable energy.”

Specifically, under the bill, beginning January 1, 2020, every large food waste generator that is located within 25 road miles of an authorized food waste recycling facility and that generates an average projected volume of 104 or more tons per year of food waste would be required to: (1) source separate its food waste from other solid waste; and (2) send that source separated food waste to an authorized food waste recycling facility that has available capacity and will accept it. Beginning January 1, 2023, large food waste generators that produce an average projected volume of 52 or more tons per year of food waste would have to comply with these requirements.

Under the bill, if a large food waste generator is not located within 25 road miles of an authorized food waste recycling facility, or the facility will not accept the generator’s food waste, the generator may send the food waste for final disposal at a solid waste management facility. In addition, a large food waste generator would be deemed in compliance with the bill if the generator: (1) performs enclosed, on-site composting or anaerobic or aerobic digestion of its source separate food waste; or (2) recycles food waste using an alternative authorized food waste recycling method. Moreover, the bill would authorize a large food waste generator to petition the Department of Environmental Protection (DEP) for a waiver of the recycling requirement if the transportation cost together with the fee for recycling is at least 10 percent more than the transportation costs and disposal fee for noncontract commercial solid waste disposal. The bill, as amended, provides that a large food waste generator would be deemed to be in compliance with the bill if it sends its food waste for final disposal to a sanitary landfill facility that delivers the landfill gas to a gas-to-energy facility as fuel for the generation of electricity.

Any person who violates the bill would be subject to a civil penalty of \$250 for the first offense, \$500 for the second offense, and \$1,000 for the third and subsequent offenses. If the violation is of a 2

continuing nature, each day during which the violation continues would constitute a separate offense.

The DEP would be required to adopt regulations concerning: (1) recordkeeping and reporting requirements for large food waste generators and authorized food waste recycling centers; (2) guidelines and procedures for businesses to follow to determine whether they are subject to the requirements of the bill; (3) a list of food waste products that must be source separated and recycled pursuant to the bill; (4) standards for the enclosed on-site composting or anaerobic or aerobic digestion of source separated food waste, including requirements for energy production and other sustainable uses of the byproducts of recycled food waste; and (5) a list of actions businesses may take to reduce the amount of food waste they generate to a level below the threshold amounts established in the bill. The DEP would publish on its Internet website the name, location, and contact information for each authorized food waste recycling facility in the State.

The bill would provide for a local economic benefit payment to any municipality that hosts a facility approved to accept food waste. The bill would also establish the Food Waste Recycling Market Development Council. The bill would require State departments and agencies to use, where technically feasible, environmentally sound, and competitively priced, compost, mulch, or other soil amendments produced from municipal solid waste, food waste, sludge, yard waste, clean wood waste, or other similar materials. Finally, the bill would amend the definition of “Class I renewable energy” to include electric energy produced from methane gas from a composting or anaerobic or aerobic digestion facility that converts food waste or other organic waste to energy.

The committee amendments would replace a provision regarding compliance with the requirements of the bill when food waste is sent to a landfill with a gas-to-energy system financed by the Environmental Infrastructure Trust or the Department of Environmental Protection and instead provide that a large food waste generator would be in compliance with the requirements of the bill if it sends its food waste for final disposal to a sanitary landfill facility that delivers the landfill gas to a gas-to-energy facility as fuel for the generation of electricity.

#### FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this bill would have an indeterminate, potentially significant annual cost impact on the State and on State institutions of higher education to comply with the bill’s requirements for separation and recycling of food waste. No precise estimate is feasible due to the unavailability of information on which State and State higher educational institutions would be affected by the bill and are not at present in compliance with these requirements.

Because the bill authorizes a large food waste generator to petition the DEP for waiver of the recycling requirement if the transportation cost together with the fee for recycling is at least 10 percent more than the transportation and disposal fee for noncontract commercial solid waste disposal, the bill may result in no additional State costs for compliance. It is possible that in circumstances the cost of a food waster or recycling or composting program could be less than the current costs of disposal for certain facilities. The potential impacts, mitigating factors, and data limitations apply to local governments and school districts that may have to comply with the bill's requirements.

The bill requires authorized food waste recycling facilities to provide of local economic benefit payments to municipalities in which the facilities are located. Accordingly, certain municipalities may realize annual revenue increases. Insufficient data on which to base an estimate of this impact are unavailable.

The DEP would incur additional recurring administrative costs to discharge its new responsibilities under the bill and to enforce compliance with the bill's requirements. The OLS has insufficient information upon which to base an estimate of this impact.