



OFFICE OF MANAGEMENT & BUDGET

State Budget Office

One Capitol Hill
Providence, RI 02908-5890

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State Fiscal Note for Bill Number:

2025-S 0104

Date of State Budget Office Approval: Thursday, February 20, 2025

Date Requested: Friday, January 31, 2025

Date Due: Saturday, February 15, 2025

Impact on Expenditures		Impact on Revenues	
FY 2025	\$0	FY 2025	\$0
FY 2026	\$1,930,903	FY 2026	\$1,930,903
FY 2027	\$1,930,903	FY 2027	\$1,930,903

Explanation by State Budget Office:

This bill amends Title 42 of the Rhode Island General Laws (R.I.G.L.) to add Chapter 6.3, "Composting and Organic Waste Diversion." The proposed statute has five purposes:

1. Establishing the Compost Fund as a special, non-lapsing fund;
2. Establishing the Competitive Composting and Waste Diversion Grant Fund ("CG Fund") as a special, non-lapsing fund;
3. Establishing the Municipal Waste Diversion Grant Fund ("MG Fund") as a special, non-lapsing fund;
4. Establishing a solid waste disposal surcharge; and
5. Requiring the Office of the General Treasurer to transfer solid waste surcharge revenue to the Compost Fund annually.

The proposed R.I.G.L. § 42-6.3-4 establishes the solid waste disposal surcharge. The surcharge shall be two dollars (\$2.00) per ton of solid waste processed by a refuse disposal system, adjusted every five years after January 1, 2031. The surcharge adjustment would be performed according to the greater of the changes in the CPI for the New England region or twenty percent (20%). The surcharge is only assessed upon the final destination of the solid waste. Solid waste haulers and collectors are authorized to collect rates, fees, or surcharges from solid waste generators up to an amount sufficient to recover the surcharge on disposal. The surcharge revenue would be deposited into the Compost Fund by the Office of the General Treasurer after being remitted to the Treasurer from solid waste disposal systems, including RI Resource Recovery Corporation (RIRRC) and private entities, on a quarterly basis.



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The proposed R.I.G.L. § 42-6.3-5 established the Compost Fund. The intended purpose of the Compost Fund is to provide funding to the Department of Environmental Management (DEM) to award grants to assist with the costs of improving programming, infrastructure, and services associated with solid waste reduction, surplus food rescue, shell recovery, composting, and illegal dumping minimization. Funding in this fund is comprised of the solid waste surcharge established in § 42-6.3-4, appropriations from the state budget, interest earnings, sums received from legal actions associated with the solid waste surcharge, and any other funding accepted for the Compost Fund's benefit by the Treasurer. The bill includes language to cover administrative costs, capped at five percent (5%) of the estimated annual solid waste surcharge revenue.

Summary of Facts and Assumptions:

Passage of this bill is assumed on or around June 30, 2025, and as such there is no anticipated fiscal impact in FY 2025.

RIRRC recorded approximately 1.0 million tons of solid waste processed in FY 2023, the most recent year of available data. This includes waste streams such as mixed solid waste, mixed construction and demolition debris, contaminated soil, and sludge.

Assuming roughly level amounts of solid waste processed over the years, at \$2.00 per ton of solid waste assessed at the final destination of the waste, the fee would yield approximately \$1.9 million in annual revenue to the Compost Fund. Applying the maximum five percent administrative cost assumption to the projected revenue yields administrative costs of \$96,545, with the remainder of the funding (approximately \$1.8 million) being split equally between the CG fund and the MG fund.

Following the assumptions above, the impact in FY 2026 would be \$96,545 in expenditures from administrative costs and \$917,179 in revenue to each of the CG and MG Funds annually. Expenditures on grants are based on participation and are therefore challenging to project. However, DEM typically sees high enrollment in its grant programs. It can be therefore anticipated that the Compost Fund programs will be highly subscribed. As such, expenditure estimates are assumed to be equivalent to revenue for the CG and MG Funds.

Out-year impact in FY 2027 is level. Solid waste tonnage will naturally vary year to year, but unless there are major policy shifts in solid waste disposal in the short term or major population changes, it is unlikely that the weight of solid waste disposed between FY 2026 and FY 2027 will vary to a degree sufficient to make a major impact on the CG Fund and MG Fund.

NOTE: The fiscal impact reported herein contains a material downward revision relative to that reported for the selfsame legislation during the 2024 legislative session. This results from a change to the interpretation of the definition of "solid waste" as set forth in Subdivision (7) of Section 42-6.3-3 of the bill.



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Comments on Sources of Funds:

As noted in the summary section, the primary source of funding for these composting and waste reduction activities would be a \$2.00 surcharge on each ton of solid waste processed in the state. The funds also would be capitalized by additional discretionary general revenue appropriations from the general fund, additive to the surcharge collections. Funding in the CG Fund and MG Fund is protected from transfer-out of these funds to the general fund, as these funds would constitute "special revenue funds" of the State; the surcharge revenue would not be considered general revenue.

Summary of Fiscal Impact:

FY 2025: No fiscal impact reported.

FY 2026: \$1,930,903 in revenues, \$1,930,303 in expenditures.

FY 2027: \$1,930,903 in revenues, \$1,930,903 in expenditures.

Budget Office Signature: _____

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Fiscal Advisor Signature: _____

