

SENATE BILL NO. 216

INTRODUCED BY D. BERRY

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A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING INCORPORATED OR UNINCORPORATED CITIES AND TOWNS TO SET SOLID WASTE PROGRAM RATES BY USING A FULL COST ACCOUNTING METHOD; PROVIDING THAT AN INDEPENDENT AUDIT MAY BE REQUESTED TO ENSURE COMPLIANCE WITH FULL COST ACCOUNTING METHODS; PROVIDING THAT THE PERSON REQUESTING THE AUDIT MAY BE LIABLE FOR AUDIT COSTS FOR COMPLIANCE AUDITS; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Establishing incorporated or unincorporated city or town solid waste services fees -- full cost accounting.** (1) (a) The governing body of an incorporated or unincorporated city or town that provides solid waste management services shall establish rates for service charges, using BUT NOT LIMITED TO the cost factors provided in subsection (2).

(b) The rates for service charges may not be less than the actual cost of providing the services.

(c) The rates established ~~apply only to the property of recipients of~~ MAY NOT BE ASSESSED ON PROPERTY FOR WHICH AN OWNER OR OCCUPANT HAS ELECTED TO RECEIVE solid waste management services FROM A MOTOR CARRIER AUTHORIZED TO PROVIDE SERVICES WITHIN THE CITY AND WHO POSSESSES A VALID CLASS D MOTOR CARRIER CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY ISSUED BY THE PUBLIC SERVICE COMMISSION.

(2) Service charges must take into account:

(a) the character, kind, and quality of service; and

(b) the cost of providing the service, including BUT NOT LIMITED TO:

- ~~(i) direct costs, which include but are not limited to:~~
- ~~(A) employee wages, benefits, and pensions;~~
- ~~(B) supplies and materials;~~
- ~~(C) travel;~~
- ~~(D) printing;~~
- ~~(E) rent;~~

1 ~~—— (F) utilities;~~

2 (I) ALL DIRECT COSTS AND INDIRECT COSTS, AS DEFINED IN THE OFFICE OF MANAGEMENT AND BUDGET CIRCULAR
 3 A-87, COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS, THAT ARE INCURRED BY OR THAT
 4 EXCLUSIVELY SERVE THE SOLID WASTE MANAGEMENT PROGRAM;

5 ~~(G)(II) COSTS FOR~~ facilities and equipment, including but not limited to those used for landfill,
 6 recycling, and disposal;

7 ~~(H)(III) COSTS FOR~~ closure and postclosure as provided for in Title 75, chapter 10;

8 ~~—— (I) maintenance;~~

9 ~~—— (J) communications; and~~

10 ~~(K)(IV)~~ any other costs expended for the exclusive benefit of the program or service; AND

11 ~~—— (ii) indirect costs; and~~

12 ~~(iii)(V)~~ depreciation and the payment of principal and interest on money borrowed by the city or
 13 town for the acquisition or improvement of facilities and equipment.

14 (3) The city or town shall maintain for public inspection documentation on the ratemaking process
 15 provided for in subsection (2).

16 ~~—— (4) For the purposes of this section:~~

17 ~~—— (a) "direct costs" means costs that are clearly and exclusively associated with a solid waste~~
 18 ~~program or service;~~

19 ~~—— (b) "executive oversight" means the proportional share of salary and expenses attributable to solid~~
 20 ~~waste management services of the person or governing body charged with overseeing both the general~~
 21 ~~operation and administration of a solid waste program or service and any other program or service~~
 22 ~~administered by the city or town; and~~

23 ~~—— (c) "indirect costs" means costs that are not exclusively associated with a solid waste program~~
 24 ~~or service and that benefit at least one other city or town program or service, including but not limited to:~~

25 ~~—— (i) employee wages, benefits, and pensions;~~

26 ~~—— (ii) supplies and materials;~~

27 ~~—— (iii) travel;~~

28 ~~—— (iv) printing;~~

29 ~~—— (v) rent;~~

30 ~~—— (vi) utilities;~~

- 1 ~~—— (vii) facilities and equipment, including but not limited to those used for landfill, recycling, and~~
 2 ~~disposal;~~
 3 ~~—— (viii) closure and postclosure as provided for in Title 75, chapter 10;~~
 4 ~~—— (ix) maintenance;~~
 5 ~~—— (x) communications;~~
 6 ~~—— (xi) accounting and payroll;~~
 7 ~~—— (xii) human resource;~~
 8 ~~—— (xiii) legal;~~
 9 ~~—— (xiv) purchasing and procurement;~~
 10 ~~—— (xv) data processing;~~
 11 ~~—— (xvi) records management; and~~
 12 ~~—— (xvii) executive oversight.~~

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14 **NEW SECTION. Section 2. Compliance audit -- liability for audit costs -- public inspection.** ~~(1) A~~
 15 ~~person may request an independent audit of the rates and ratemaking process established by the~~
 16 ~~incorporated or unincorporated city or town.~~

17 ~~—— (2) If an audit is requested, an independent auditor must be chosen by a mutual decision of the~~
 18 ~~person requesting the audit and the incorporated or unincorporated city or town.~~

19 ~~—— (3) (a) If, after an independent audit has been conducted, the audit findings conclude that an~~
 20 ~~incorporated or unincorporated city or town has not fully complied with the full cost accounting provisions~~
 21 ~~of [section 1], the cost of conducting the audit must be borne by the incorporated or unincorporated city~~
 22 ~~or town.~~

23 ~~—— (b) If the audit findings conclude that an incorporated or unincorporated city or town is in full~~
 24 ~~compliance with the full cost accounting provisions of [section 1], the cost of conducting the audit must~~
 25 ~~be borne by the person requesting the audit. (1) THE RATES AND RATEMAKING PROCESS ESTABLISHED BY THE~~

26 ~~INCORPORATED OR UNINCORPORATED CITY OR TOWN MUST BE INCLUDED IN THE FINANCIAL REPORTS AND AUDITS AS~~
 27 ~~REQUIRED UNDER 2-7-503.~~

28 ~~(4)(2)~~ Copies of the completed audit must be made available by the incorporated or unincorporated
 29 city or town for public inspection during regular office hours.

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1 NEW SECTION. **Section 3. Codification instruction.** [Sections 1 and 2] are intended to be codified
2 as an integral part of Title 7, chapter 13, part 41, and the provisions of Title 7, chapter 13, part 41, apply
3 to [sections 1 and 2].

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5 NEW SECTION. **Section 4. Effective date.** [This act] is effective July 1, 2002.

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7 NEW SECTION. **Section 5. Applicability.** [This act] applies to solid waste management rates
8 established on or after [the effective date of this act].

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