

## 1 SENATE BILL NO. 215

2 INTRODUCED BY D. BERRY

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING COUNTIES THAT PROVIDE SOLID WASTE  
 5 MANAGEMENT SERVICES AND SOLID WASTE MANAGEMENT DISTRICTS TO SET RATES FOR SOLID  
 6 WASTE SERVICES BY USING A FULL COST ACCOUNTING METHOD; PROVIDING ~~THAT AN~~  
 7 ~~INDEPENDENT AUDIT MAY BE REQUESTED TO ENSURE COMPLIANCE WITH FULL COST ACCOUNTING~~  
 8 ~~METHODS; PROVIDING THAT THE PARTY REQUESTING THE AUDIT MAY BE LIABLE FOR AUDIT COSTS~~  
 9 FOR COMPLIANCE AUDITS; AMENDING SECTION 7-13-232, MCA; AND PROVIDING A DELAYED  
 10 EFFECTIVE DATE AND AN APPLICABILITY DATE."

11

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

13

14 NEW SECTION. **Section 1. Compliance audit ~~--liability for audit costs--~~ public inspection.** ~~(1)~~

15 ~~A person may request an independent audit of the rates and ratemaking process established by the~~  
 16 ~~governing body.~~

17 ~~—— (2) If an audit is requested, an independent auditor must be chosen by a mutual decision between~~  
 18 ~~the person requesting the audit and the governing body.~~

19 ~~—— (3) (a) If, after an independent audit has been conducted, the audit findings conclude that a~~  
 20 ~~governing body has not fully complied with the full cost accounting provisions of 7-13-232, the cost of~~  
 21 ~~conducting the audit must be borne by the governing body.~~

22 ~~—— (b) If the audit findings conclude that a governing body is in full compliance with the full cost~~  
 23 ~~accounting provisions of 7-13-232, the cost of conducting the audit must be borne by the person~~  
 24 ~~requesting the audit.~~ (1) THE RATES AND RATEMAKING PROCESS ESTABLISHED BY THE GOVERNING BODY MUST BE

25 INCLUDED IN THE FINANCIAL REPORTS AND AUDITS AS REQUIRED UNDER 2-7-503.

26 ~~(4)~~(2) Copies of the completed audit must be made available by the governing body for public  
 27 inspection during regular office hours.

28 ~~(5)~~(3) For the purposes of this section, "governing body" means a solid waste management  
 29 district, joint solid waste management district, or the board of county commissioners of a county that  
 30 provides solid waste management services.

1

2 **Section 2.** Section 7-13-232, MCA, is amended to read:

3 **"7-13-232. Determination of service charge -- full cost accounting.** (1) ~~(a)~~ The board ~~may~~ shall  
 4 establish, ~~by resolution,~~ rates for service charges, ~~which~~ using BUT NOT LIMITED TO the cost factors provided  
 5 in subsection (2). The rates for service charges may not be less than the actual cost of providing services.

6 (b) For solid waste management districts other than joint districts, the rates must be subject to  
 7 the approval of the county commissioners.

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

13 (2) Service charges ~~may~~ must take into account:

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

15 (b) the cost of providing the service, including ~~but not limited to~~ BUT NOT LIMITED TO:

16 ~~—— (i) direct costs, which include but are not limited to:~~

17 ~~—— (A) employee wages, benefits, and pensions;~~

18 ~~—— (B) supplies and materials;~~

19 ~~—— (C) travel;~~

20 ~~—— (D) printing;~~

21 ~~—— (E) rent;~~

22 ~~—— (F) utilities;~~

23 (i) ALL DIRECT COSTS AND INDIRECT COSTS AS PROVIDED FOR IN THE OFFICE OF MANAGEMENT AND BUDGET  
 24 CIRCULAR A-87, COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS, AND THAT ARE INCURRED  
 25 BY OR THAT EXCLUSIVELY SERVE THE SOLID WASTE MANAGEMENT PROGRAM;

26 ~~(G)~~(ii) COSTS FOR facilities and equipment, including but not limited to those used for landfill,  
 27 recycling, and disposal;

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

29 ~~—— (I) maintenance;~~

30 ~~—— (J) communications; and~~

1 ~~(K)(iv)~~ any other costs expended for the exclusive benefit of the program or service; AND  
 2 ~~(ii) indirect costs; and~~  
 3 ~~(iii)(v)~~ depreciation and the payment of principal and interest on money borrowed by the district  
 4 for the acquisition and improvement of facilities and equipment.

5 (3) (a) Service charges may be assessed ~~per~~ for each family residential unit or based on the size  
 6 of a vehicle used to dispose of the waste; the volume or weight of the waste; or the cost, incentives, or  
 7 penalties applicable to waste management practices.

8 (b) The service charge assessed to a family residential unit in which a home-based business is  
 9 operated may not exceed the service charge assessed to a family residential unit without a home-based  
 10 business unless there is a finding by the solid waste management district or joint district that the family  
 11 residential unit with a home-based business is generating at least 20% more waste than the average for  
 12 family residential units in the district that do not contain home-based businesses.

13 (4) The initial rate for any solid waste management district or joint district may not exceed the rate  
 14 provided in the resolution creating the district.

15 (5) Fees for mobile home park accounts must be paid by the registered owner of each mobile  
 16 home in the mobile home park.

17 (6) A notice of intention to enact a resolution to increase rates must be published as provided in  
 18 7-1-4128, and the district shall hold a public hearing prior to the meeting at which the resolution is  
 19 considered.

20 (7) The governing body shall maintain for public inspection documentation on the ratemaking  
 21 process provided for in subsection (2).

22 ~~(8) For the purposes of this section:~~

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

25 ~~(b) "executive oversight" means the proportional share of salary and expenses attributable to solid~~  
 26 ~~waste management services of the governing body charged with overseeing both the general operation~~  
 27 ~~and administration of a solid waste program or service and any other program or service administered by~~  
 28 ~~the governing body; and~~

29 ~~(c) "indirect costs" means costs that are not exclusively related to a solid waste program or~~  
 30 ~~service and that benefit at least one other county program or service, including but not limited to:~~

- 1 ~~—— (i) employee wages, benefits, and pensions;~~
- 2 ~~—— (ii) supplies and materials;~~
- 3 ~~—— (iii) travel;~~
- 4 ~~—— (iv) printing;~~
- 5 ~~—— (v) rent;~~
- 6 ~~—— (vi) utilities;~~
- 7 ~~—— (vii) facilities and equipment, including but not limited to those used for landfill, recycling, and~~
- 8 ~~disposal;~~
- 9 ~~—— (viii) closure and postclosure as provided for in Title 75, chapter 10;~~
- 10 ~~—— (ix) maintenance;~~
- 11 ~~—— (x) communications;~~
- 12 ~~—— (xi) accounting and payroll;~~
- 13 ~~—— (xii) human resource;~~
- 14 ~~—— (xiii) legal;~~
- 15 ~~—— (xiv) purchasing and procurement;~~
- 16 ~~—— (xv) data processing;~~
- 17 ~~—— (xvi) records management; and~~
- 18 ~~—— (xvii) executive oversight."~~

19

20 NEW SECTION. **Section 3. Codification instruction.** [Section 1] is intended to be codified as an

21 integral part of Title 7, chapter 13, part 2, and the provisions of Title 7, chapter 13, part 2, apply to

22 [section 1].

23

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

25

26 NEW SECTION. **Section 5. Applicability.** [This act] applies to solid waste management rates

27 established on or after [the effective date of this act].

28 - END -