SB 1076 and SB 1077 Harris (R. Wilson)

DIGEST: SB 1076 specified procedures for the financing of solid waste resource recovery systems. An authority or district authorized to own a waste disposal system could issue tax-exempt revenue bonds to build a solid waste recovery system. Bonds would be secured by a pledge of the proceeds from the system.

All public agencies would be authorized to enter into long-term contracts for the supply, collection, transportation, and disposal of solid waste. A public agency could pledge any available revenues, including taxes, for the payment of amounts due under a contract.

SB 1077 was the enabling bill for SB 1076. It amended the Solid Waste Disposal Act to include encouragement of processing solid waste for reuse, and authorized local governments to enter into long-term contracts of the kind indicated in SB 1076.

REASONS FOR VETO: Under these bills, cities' obligations to make payments could come from any source, including local property taxes. This is the main feature of these bills. The bonds would be called "revenue" bonds, but in fact they would be likely to be paid out of tax dollars. Any time property taxes may be raised because of a contract the local authority may enter into, the property taxpayers should have a vote on the matter. This goes to the very core of the "taxpayers bill of rights", which the Governor has long espoused.

Profitable waste recovery is speculative at this time. In one previous case, bonds were issued to build plants to make fertilizer out of garbage. When the project did not work out, a judgment was rendered that the city of Houston was liable for approximately $4 million.

REACTION: There is "some merit" to the Governor's objections to the financing methods authorized by these bills, according to the Senate sponsor. But his understanding is that the company operating the solid waste resource recovery system would have to guarantee payment of the bonds. Tax revenue would not have to be pledged to make bond payments.