

1997-98 SESSION  
COMMITTEE HEARING  
RECORDS

Committee Name:

Joint Committee on  
Finance (JC-Fi)

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Record of Comm. Proceedings ... RCP

- 05hrAC-EdR\_RCP\_pt01a
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➤ Appointments ... Appt

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# Natural Resources

## Air, Waste and Contaminated Land

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To: Joint Committee on Finance

From: Bob Lang, Director  
Legislative Fiscal Bureau

## ISSUE

### Overview of Recycling Funding Proposals

This paper discusses the funding levels for recycling included in: (a) current law; (b) the Governor's 1997-99 budget bill; and (c) the recommendations of the Joint Legislative Council's Special Committee on the Future of Recycling. The following sections describe the major provisions and estimated recycling fund condition. Attachment 1 compares the major provisions of current law and the two recommendations.

## CURRENT LAW

The opening cash balance of the recycling fund was \$33.6 million on July 1, 1996. However, \$28.9 million of this amount is unavailable for appropriation during 1996-97 because it was encumbered during 1995-96 or was included in the year-end balance of a continuing appropriation. (For example, \$13.8 million is related to municipal recycling grants that have been awarded, but where the money has not actually been disbursed.) Therefore the July 1, 1996, unencumbered fund balance was \$4.7 million. Under current law revenue and expenditure levels, the estimated unencumbered balance in the recycling fund would be \$30.0 million on June 30, 1999, as shown in Table 1.

**TABLE 1**

**Recycling Fund Condition Statement - Current Law  
(In \$ Millions)**

	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
Opening Balance*	\$33.6	\$11.0	\$18.1
Revenues			
Recycling Surcharge	42.5	42.6	40.2
Interest	1.9	1.9	2.1
Other	<u>1.2</u>	<u>0.2</u>	<u>0.2</u>
Total Revenue	\$45.6	\$44.7	\$42.5
Total Revenue Available	79.2	55.7	60.6
Appropriations and Reserves	42.5	37.6	30.6
Expenditure of Prior Year			
Encumbrances	<u>25.7**</u>	<u>---</u>	<u>---</u>
Total Expenditures	\$68.2	\$37.6	\$30.6
Closing Unencumbered Balance	\$11.0	\$18.1	\$30.0

\*Cash balance in 1996-97, unencumbered balance in 1997-98 and 1998-99.

\*\*Assumes \$25.7 million of \$28.9 million in encumbrances and continuing balances will be expended.

Major provisions related to current law revenue and expenditure levels include:

1. Base funding levels, for administrative appropriations, standard budget adjustments, pay plan reserves and estimated lapses totaling \$3,956,600 in 1997-98 and \$3,894,200 in 1998-99 with 37.2 positions annually.

2. Funding for Department of Natural Resources (DNR) municipal and county recycling grants as directed under current statutes of \$24,000,000 in 1997-98 and \$17,000,000 in 1998-99 (\$29,200,000 is provided in 1996-97). Currently, no funding is provided for local recycling grants after 1999. For calendar year 1997 grants, 1,016 responsible units of government (representing 99% of the state's population) were awarded local recycling grants totalling \$29.2 million to fund eligible expenses of local recycling programs (\$26.3 million in basic grants and \$2.9 million in supplemental volume-based fee grants). Demand for basic grants totalled \$35.6 million (\$9.3 million greater than available funds), therefore, DNR prorated 1997 preliminary grant awards to 73% of the eligible grant amount. Demand for grant funds also

exceeded available funds in the five prior years, requiring proration of grants to 95% in 1992, 90% in 1993, 91% in 1994, 84% in 1995 and 75% in 1996.

3. Base funding for Recycling Market Development Board of \$8,660,200 annually (\$8,343,000 for financial assistance and \$317,200 and 4.0 positions for administration).

4. Continuance of the current recycling surcharge rate until the recycling surcharge is eliminated for tax years ending after April 1, 1999. The current recycling surcharge rate is 5.5% of gross tax liability for corporations or 0.4345% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxed as partnerships and S corporations. Actual recycling surcharge revenues totalled \$198.7 million through 1995-96. Estimated surcharge revenues total \$125.3 million from 1996-97 through 1998-99, for estimated cumulative surcharge revenue collections of \$324 million.

5. Base funding for DNR waste reduction and recycling demonstration grants of \$1,000,000 annually.

Under current law, the unencumbered recycling fund balance on June 30, 1999, would be \$30.0 million. Revenues in 1998-99 would be \$42.5 million and expenditures would be \$30.6 million. The only revenue to the fund after 1998-99 would be: (a) a minimal amount of recycling surcharge revenue received for the last year of collections (primarily late payments); (b) less than \$200,000 annually in loan repayments from the former Department of Development recycling loan programs; and (c) interest income on the cash balance of the fund.

Attachment 2 shows actual cumulative recycling fund revenues and expenditures from 1990-91 through 1995-96. Recycling surcharge revenue of \$198.7 million represented 84% of revenues, with the \$29.7 million transfer from the general fund in 1990-91 representing 13% of revenues. The largest expenditure (\$148.1 million) was for municipal and county recycling grants, representing 66% of expenditures. The second largest expenditure was to transfer \$25.85 million from the recycling fund to the general fund, representing 11% of expenditures.

Currently, responsible units of government must implement "effective recycling programs" in order to comply with the landfilling and incineration bans and receive municipal and county recycling grants. After the municipal and county recycling grants end (after calendar year 1999), the recycling law will continue to restrict the landfilling and incineration of specified materials and responsible units will have to continue implementing effective programs to comply with the landfilling and incineration bans. Effective recycling programs must include specific components. The major components include adoption of a local ordinance to require recycling of the banned materials, public education, a method for collecting recyclable materials from single-family and two- to four-unit residences, curbside or drop-off collection of recyclable materials, and, beginning in 1997, the use of volume-based fees to recover certain solid waste costs. Local governments indicate that the primary local revenue sources for recycling programs are: (a)

currently, the state grant program; (b) local property tax revenues; and (c) in some communities, volume-based or other user fees.

## GOVERNOR'S 1997-99 BIENNIAL BUDGET BILL

Under the Governor's 1997-99 biennial budget bill, the estimated year-end unencumbered balance in the recycling fund would be \$12.6 million on June 30, 1999, as shown in Table 2. The negative unencumbered balance at the end of 1997-98 reflects all appropriations made in that year. However, Administration officials indicate that half of the money appropriated for brownfields grants and loan guarantees in 1997-98 (\$12 million) would not be spent before 1998-99.

**TABLE 2**

**Recycling Fund Condition Statement  
Governor's 1997-99 Biennial Budget Bill  
(In \$ Millions)**

	<u>1997-98</u>	<u>1998-99</u>
Opening Balance	\$11.0	-\$4.5
Revenues		
Recycling Surcharge	42.6	40.2
Interest	1.7	1.7
Other	<u>0.2</u>	<u>0.2</u>
Total Revenue	\$44.5	\$42.1
Total Revenue Available	55.5	37.6
Appropriations and Reserves	56.1	25.0
Transfer to General Fund	<u>3.9</u>	<u>0.0</u>
Total Expenditures	\$60.0	\$25.0
Closing Unencumbered Balance	-\$4.5	\$12.6

The Governor's recommendations include several provisions that would change current levels of recycling fund expenditures. These provisions include:

1. Provide funding for administrative appropriations, standard budget adjustments, pay plan reserves and estimated lapses totalling \$3,956,600 in 1997-98 and \$3,894,200 in 1998-99 with 37.2 positions annually.
2. Transfer \$3,850,000 in 1997-98 from the recycling fund to the general fund.
3. Continue current law funding levels for DNR municipal and county recycling grants of \$24,000,000 in 1997-98 and \$17,000,000 in 1998-99.
4. Decrease Recycling Market Development Board funding to \$2,820,000 in 1997-98 and \$2,820,500 in 1998-99 with 4.0 positions, which includes decreasing financial assistance by \$5,843,000 annually to provide \$2,500,000 annually and providing the remaining funds for administration.
5. Appropriate \$20,000,000 in 1997-98 in a continuing appropriation to the Department of Commerce for a grant program to businesses, individuals and municipalities for brownfields redevelopment and associated environmental remediation activities.
6. Appropriate \$4,000,000 in 1997-98 to the Wisconsin Housing and Economic Development Authority (WHEDA) for a brownfields redevelopment loan guarantee program.
7. Appropriate \$500,000 (\$275,000 in 1997-98 and \$225,000 in 1998-99) to the Department of Administration (DOA) for the development and maintenance of geographic information systems.
8. Convert \$146,400 (\$73,200 annually) and 1.0 DNR position from GPR to recycling fund SEG.
9. Continue current law funding for DNR waste reduction and recycling demonstration grants of \$1,000,000 annually.
10. Continue the current rate and sunset date (April 1, 1999) for the temporary recycling surcharge.

Under the 1997-99 biennial budget bill, the unencumbered recycling fund balance on June 30, 1999, would be \$12.6 million. Revenues in 1998-99 would be \$42.1 million and expenditures would be \$25.0 million. However, as under current law, there would be minimal revenue to the recycling fund after 1998-99. While the 1998-99 year-end recycling fund balance would be available to fund some recycling program expenditures in 1999-2000, it would not be sufficient to continue expenditures at the 1998-99 level.

**JOINT LEGISLATIVE COUNCIL SPECIAL COMMITTEE ON THE FUTURE OF RECYCLING**

The Joint Legislative Council's Special Committee on the Future of Recycling made several recommendations related to expenditures and revenues for recycling at its March 14, 1997, meeting and a subsequent mail ballot dated April 24, 1997. The Special Committee's recommendations include several provisions that would change current levels of recycling fund expenditures and revenues and continue recycling programs and the recycling surcharge (at a reduced rate) until 2004. Under the Special Committee's recommendations, the estimated unencumbered balance in the recycling fund would be \$15.8 million on June 30, 1999, as shown in Table 3.

**TABLE 3**

**Recycling Fund Condition Statement  
Joint Legislative Council Special Committee on the Future of Recycling  
(In \$ Millions)**

	<u>1997-98</u>	<u>1998-99</u>
Opening Balance	\$11.0	\$27.1
Revenues		
Recycling Surcharge	42.6	13.8
Transfer from General Fund	5.2	5.2
Tire Fee	5.7	6.8
Interest	1.8	1.8
Other	<u>0.2</u>	<u>0.2</u>
Total Revenue	\$55.5	\$27.8
Total Revenue Available	66.5	54.9
Appropriations and Reserves	39.4	39.1
Closing Unencumbered Balance	\$27.1	\$15.8

The Committee's recommendations include the following changes to recycling fund revenues and expenditures:

1. Provide funding for administrative appropriations, standard budget adjustments, pay plan reserves and estimated lapses totalling \$3,956,600 in 1997-98 and \$3,894,200 in 1998-99 with 37.2 positions annually.

2. Retain the current law funding level for DNR municipal and county recycling grants of \$24,000,000 in 1997-98 and increase the grant amount from the current \$17,000,000 to \$24,000,000 in 1998-99 (calendar year 1999). Continue the grant program with funding of \$24,000,000 annually from 2000 through 2004 and convert the calculation of the grant to a per-capita based formula.

3. Modify the recycling surcharge to: (a) delay the sunset from 1999 to 2004; (b) reduce the rate by one-half from 5.5% to 2.75% of gross tax liability beginning with tax year 1998; (c) exempt businesses with gross receipts of less than \$1,000,000; and (d) exempt noncorporate farms. Surcharge revenues would decline by about two-thirds from current levels.

4. Reinststate the tire recovery fee, which will expire June 30, 1997, and increase the fee from \$2 to \$4 per tire. Sunset the fee in 2004.

5. The Special Committee on the Future of Recycling recommended that \$5.2 million annually be transferred from the general fund to the recycling fund from 1997-98 through 2002-03 and \$18.25 million in 2003-04. In addition, the Special Committee recommended creation of a SEG recycling fund sum sufficient appropriation, not to exceed \$5.2 million annually, to provide grants equalling \$1 per capita to any responsible unit that has an effective recycling program from 1997-98 (calendar year 1998) through 2003-04 (calendar year 2004). This would bring total municipal grants to \$29.2 million annually (the level provided in 1996-97).

6. Decrease funding for the Recycling Market Development Board (RMDB) to provide \$2,500,000 annually with 4.0 positions, which includes decreasing financial assistance by \$6,166,500 to provide \$2,176,500 annually and providing \$323,500 annually and 4.0 positions for administration.

7. Provide \$300,000 in 1997-98 annually to the RMDB for materials exchanges, which are services that provide information about wastes available for reuse and help to connect waste generators with parties that can use the waste being generated.

8. Recreate the waste tire reimbursement grant program, which ends June 30, 1997, and provide \$1,200,000 annually.

9. Provide \$400,000 annually to the University of Wisconsin System for research related to solid waste management.

10. Provide \$550,000 to DNR and UW-Extension for a public education program related to the purchase of recycled items by the public and the reduction of solid waste

generation by the public. This would include: (a) \$205,000 in 1997-98 and \$179,000 in 1998-99 for DNR; and (b) \$77,000 in 1997-98 and \$89,000 in 1998-99 for UW-Extension.

11. Provide \$500,000 and 2.5 positions to DNR and UW-Extension and direct DNR, in cooperation with the UW-Extension to conduct a study of the future of solid waste management. This would include \$150,000 annually and 1.25 positions for DNR and \$100,000 annually and 1.25 positions for UW-Extension.

12. Provide \$300,000 in 1997-98 to the Department of Justice to conduct a study of competition in the solid waste industry.

13. Provide base funding for DNR waste reduction and recycling demonstration grants of \$1,000,000 annually.

14. Provide \$100,000 to DNR (\$50,000 in 1997-98 and \$50,000 in 1998-99) to conduct a study of the impact of out-of-state waste on the state and local governments in Wisconsin.

Under this set of recommendations of the Special Committee on the Future of Recycling, the unencumbered recycling fund balance on June 30, 1999, would be \$15.8 million. Revenues in 1998-99 would be \$27.8 million and expenditures would be \$39.1 million. While, the 1998-99 year end balance would be available to fund a portion of recycling expenditures after 1998-99, the balance, in combination with annual revenues under the recommendation, would not be sufficient to fund all proposed expenditures through 2004.

Prepared by: Kendra Bonderud  
Attachment

**ATTACHMENT 1**

**Comparison of the Funding Levels for Recycling in Current Law with the Recommendations of the Governor's 1997-99 Biennial Budget Bill and the Legislative Council's Special Committee on the Future of Recycling**

Current Law	Governor's 1997-99 Budget Bill	Legislative Council Special Committee
<p><b>Municipal and County Recycling Grant Funding.</b> Provide funding of \$24,000,000 in 1997-98 (calendar year 1998) and \$17,000,000 in 1998-99 (calendar year 1999).</p>	<p><b>Municipal and County Recycling Grant Funding.</b> (LFB Page 428, #29) Maintain current law.</p>	<p><b>Municipal and County Recycling Grant Funding.</b> Provide \$24,000,000 in 1997-98 and annually thereafter through 2003-2004 (calendar year 2004).</p>
<p><b>Municipal and County Recycling Grant Formula.</b> The 1997 grant calculation formula provides a grant of either 66% of the difference between eligible recycling expenses and avoided disposal costs or \$8 times the population of the responsible unit of government, whichever is less. Currently, the grant calculation formula changes in 1998 and 1999 so that yard waste costs and capital costs are funded at 50% in 1998 and 25% in 1999 (instead of 66% in 1997) and other costs of planning and operating the recycling program would continue to be funded at 66% in 1998 and reduced to 50% in 1999. In 1997, the grant calculation formula subtracts avoided disposal costs from eligible costs before multiplying by 66%. In 1998 and 1999 the current formula subtracts avoided disposal costs from eligible costs after multiplying by 66% (in 1998) or 50% (in 1999) of other program costs.</p> <p>Expenses related to the management of yard waste are eligible for funding under the program.</p> <p>Ten percent of the funds appropriated for grants are set aside for supplemental grants to responsible units that have implemented a volume-based fee system for residential solid waste collection.</p>	<p><b>Municipal and County Recycling Grant Formula.</b> (LFB Page 428, #29) Continue the same grant calculation formula for calendar years 1998 and 1999 as currently exists for calendar year 1997. The bill would retain the: (a) calculation percentage of 66%; and (b) subtraction of avoided disposal costs from eligible costs before multiplying by 66%.</p> <p>Maintain current law.</p> <p>Maintain current law.</p>	<p><b>Municipal and County Recycling Grant Formula.</b> Make the same change as the 1997-99 budget bill for calendar years 1998 and 1999. Convert the calculation of the grant for calendar years 2000 through 2004 to a per-capita based formula, which would include: (a) a basic recycling component equal to \$3 times the population of the responsible unit; (b) a curbside collection component equal to \$1.25 times the population of the portion of the responsible unit that receives curbside collection of recyclables; and (c) a waste reduction component equal to \$1.25 times the population of the responsible unit that is served by the waste reduction programs the responsible unit implements. The sum of the three grant components could not exceed 75% of the responsible unit's recycling expenses.</p> <p>Repeal the funding of yard waste expenses effective for calendar year 1998 grants.</p> <p>Repeal the supplemental grant set aside effective for calendar year 1998 grants.</p>
<p><b>Recycling Market Development Board.</b> The RMDB has the responsibility of promoting the development of markets for recovered materials and promoting the marketing of recovered materials. Base funding for financial assistance is \$8,343,000 annually in a biennial appropriation. In 1996-97, \$317,200 and 4.0 positions are provided for administration.</p>	<p><b>Recycling Market Development Board.</b> (LFB Page 149, #1) Decrease funding for financial assistance by \$5,843,000 annually to provide \$2,500,000 annually. Provide \$320,000 in 1997-98 and \$320,500 in 1998-99 and 4.0 positions for administration.</p>	<p><b>Recycling Market Development Board.</b> Decrease funding to provide a total of \$2,500,000 annually for financial assistance and administration of the RMDB. This would include: (a) \$2,176,500 annually for financial assistance, which would be a decrease of \$6,166,500 annually from current law; and (b) \$323,500 annually and 4.0 positions for administration.</p>

Current Law	Governor's 1997-99 Budget Bill	Legislative Council Special Committee
<p><b>Recycling Market Development Board (continued).</b> 1995 Act 27 transfers the attachment of the RMDB from UW-Extension to the Department of Commerce on the later of July 1, 1997, or the effective date of the 1997-99 biennial budget act.</p> <p>The RMDB is staffed by an unclassified executive director nominated by the Governor and approved by the Senate and three classified administrative positions (an administrative assistant, an educational services assistant and a program assistant).</p> <p>The RMDB annually elects a member to be the chairperson.</p> <p>The RMDB provides all financial assistance approved by the RMDB.</p> <p>The RMDB is required to annually establish, in consultation with the Council on Recycling, a list of materials recovered from solid waste for which the RMDB may award financial assistance, which shall include the materials banned from landfills effective January 1, 1995.</p> <p>The RMDB is required to contract with UW-Extension for administrative staff services, including support in recruiting program staff.</p> <p>The RMDB is required to contract, whenever feasible, with other persons (including other state agencies) to accomplish the powers and duties of the RMDB.</p> <p>The RMDB may not expend more than 10% of its biennial financial assistance appropriation for contracts with and financial assistance to responsible units and other local units of government.</p> <p>The UW-Extension was required to conduct a study of the feasibility and desirability of transferring the powers and duties of the RMDB to a business entity and submit a report on the results of the study to the Governor and the Legislature by October 1, 1996.</p>	<p><b>Recycling Market Development Board (continued).</b> 1995 Act 27. Maintain the current law transfer to Commerce.</p> <p>Remove authorization for an unclassified executive director. Delete the four current positions in UW-Extension and provide four positions in Commerce. The incumbents would not be transferred from UW-Extension to Commerce. Provide that Commerce, rather than the RMDB, provide 4.0 staff positions for the RMDB.</p> <p>Provide that the Secretary of Commerce or his or her designated representative serves as chairperson of the RMDB.</p> <p>Provide that the RMDB continue to award all financial assistance but that Commerce, rather than the RMDB, pay the financial assistance.</p> <p>Delete the requirement that the RMDB consult with the Council on Recycling when the RMDB annually establishes the priority list of materials.</p> <p>Repeal the provision.</p> <p>Maintain current law.</p> <p>Specify that Commerce (rather than the RMDB) may not pay more than 10% of the financial assistance appropriation for contracts with and financial assistance to responsible units and other local units of government.</p> <p>Repeal the provision. The UW-Extension submitted the report on November 15, 1996.</p>	<p><b>Recycling Market Development Board (continued).</b> Maintain the current law transfer to Commerce.</p> <p>Same as the 1997-99 budget bill.</p> <p>Provide that the Department of Commerce's representative on the RMDB shall chair the RMDB.</p> <p>Same as the 1997-99 budget bill.</p> <p>Maintain current law. In addition, require that the RMDB's priority list of materials for which the RMDB may provide assistance give priority to materials that, if not recovered, would be disposed in landfills.</p> <p>Same as the 1997-99 budget bill.</p> <p>Limit the authority of the RMDB to contract for services to state agencies, rather than with any other person.</p> <p>Repeal the current law limitation.</p> <p>Same as the 1997-99 budget bill.</p>

Current Law	Governor's 1997-99 Budget Bill	Legislative Council Special Committee
<p>Transfer from Recycling Fund to General Fund. No provision.</p>	<p>Transfer from Recycling Fund to General Fund. (LFB Page 428, #28) Transfer \$3,850,000 in 1997-98 from the recycling fund to the general fund.</p>	<p>Transfer from Recycling Fund to General Fund. No provision.</p>
<p>Brownfields Grant Program. No provision.</p>	<p><b>Brownfields Grant Program.</b> (LFB Page 136, #31) Provide \$20,000,000 from the recycling fund in 1997-98 in a continuing appropriation to create a brownfields grant program administered by the Department of Commerce. Brownfields would be defined as abandoned, idle or underused industrial or commercial facilities or sites, the expansion or redevelopment of which was adversely affected by actual or perceived environmental contamination.</p> <p>The Department would be authorized to make a grant to a person if: (a) the person would use the grant proceeds for brownfields redevelopment and associated environmental remediation activities; (b) the party that was responsible for the actual or perceived environmental contamination of the facility or site that would be the subject of the project was unknown or could not be located; and (c) the person would contribute a required proportional share of the cost of the project in the form of cash or in-kind contributions in the form of actual remediation services. The proportional share of project cost that would have to be provided by a recipient would depend upon the size of the grant received as follows: (a) a minimum of 20% for grants that do not exceed \$300,000; (b) 35% for grants exceeding \$300,000 up to \$700,000; and (c) 50% for grants exceeding \$700,000 up to \$5,000,000.</p> <p>Commerce would be required to award: (1) a total of \$3,000,000 in grants that did not exceed \$300,000; (2) a total of \$7,000,000 in grants that would be greater than \$300,000, but did not exceed \$700,000; and (3) a total of \$10,000,000 in grants that would be greater than \$700,000, but did not exceed \$5,000,000. The maximum grant that could be awarded would be \$5,000,000. The Department would also be required to award at least seven grants for projects that would be located in municipalities with a population of less than 30,000.</p>	<p><b>Brownfields Grant Program.</b> No provision.</p>

Current Law	Governor's 1997-99 Budget Bill	Legislative Council Special Committee
<p><b>Brownfields Loan Guarantee Program.</b> No provision.</p>	<p><b>Brownfields Loan Guarantee Program.</b> (LFB Page 649, #1) Provide \$4,000,000 from the recycling fund in 1997-98 to the Wisconsin Housing and Economic Development Authority (WHEDA) for a brownfields loan guarantee program. Beginning July 1, 1998, WHEDA would be allowed to guarantee repayment of up to 80% of the principal of an eligible brownfields redevelopment loan. The outstanding principal amount of loans guaranteed would not be allowed to exceed \$500,000.</p> <p>A loan made by a participating lender would be eligible for a guarantee if all of the following apply: (a) the borrower is a business in the state; (b) as determined by WHEDA, the borrower uses the loan proceeds for direct or related expenses, associated with the redevelopment of brownfields and environmental remediation activities; (c) the loan proceeds are not applied to the outstanding balance of any other loan; (d) WHEDA approves the interest rate on the loan, including any origination fees or other charges; (e) the lender obtains a security interest in any equipment, machinery, physical plant or other assets to secure repayment of the loan; (f) the term of the loan does not extend beyond 15 years after the date on which the lender disburses the loan unless WHEDA agrees to an extension; (g) the lender considers the borrower's assets, cash flow, and managerial ability sufficient to preclude voluntary or involuntary liquidation for the term of the loan; and (h) the lender agrees to WHEDA's guarantee percentage established for the loan.</p>	<p><b>Brownfields Loan Guarantee Program.</b> No provision.</p>
<p><b>Geographic Information Systems.</b> No provision.</p>	<p><b>Geographic Information Systems.</b> (LFB Page 51, #3) Provide \$500,000 (\$275,000 in 1997-98 and \$225,000 in 1998-99) to the Department of Administration (DOA) for the development and maintenance of geographic information systems relating to land in the state for the use of governmental and nongovernmental units.</p>	<p><b>Geographic Information Systems.</b> No provision.</p>
<p><b>Recycling Staff Conversion.</b> No provision.</p>	<p><b>Recycling Staff Conversion.</b> (LFB Page 429, #30) Convert \$73,200 and 1.0 waste manager position annually in DNR's Bureau of Waste Management from GPR to recycling fund SEG.</p>	<p><b>Recycling Staff Conversion.</b> No provision.</p>

Current Law	Governor's 1997-99 Budget Bill	Legislative Council Special Committee
<p><b>Recycling Surcharge.</b> The temporary recycling surcharge is eliminated for tax years ending after April 1, 1999. The current recycling surcharge rate is 5.5% of gross tax liability for corporations or 0.4345% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxed as partnerships and S corporations. The minimum payment is \$25 and the maximum payment is \$9,800. The following are exempt from paying the surcharge: (a) corporations (including S corporations), insurance companies, sole proprietorships and partnerships with less than \$4,000 in gross receipts; (b) members of the clergy; and (c) noncorporate farms with less than \$1,000 of net farm profits. Noncorporate farms that are subject to the surcharge pay a flat amount of \$25.</p> <p>Currently, each year the Department of Revenue (DOR), with the approval of the Joint Committee on Finance, is required to estimate the amount of revenue necessary to fund all appropriations from the state recycling fund in the following year and to adjust the recycling surcharge rate accordingly. DOR is required to submit the proposed temporary recycling surcharge rate to the Joint Committee on Finance for the quarterly s. 13.10 meeting in December. If the Committee approves the rate, it first applies to tax years beginning on or after the January 1 after the Department notifies the Committee; if the Committee disapproves of the proposed rate, the current rate remains in effect.</p>	<p><b>Recycling Surcharge.</b> Maintain the current recycling surcharge rate and sunset date.</p> <p>Maintain current law.</p>	<p><b>Recycling Surcharge.</b> Reduce the current recycling surcharge on business income taxes beginning with tax year 1998 and delay the sunset of the surcharge from 1999 to 2004. The recommended modifications include: (a) reduce the recycling surcharge rate from 5.5% to 2.75% of gross tax liability; (b) exempt businesses from gross receipts of less than \$1 million; and (c) exempt noncorporate farms from the surcharge.</p> <p>Maintain current law.</p>
<p><b>Tire Recovery Fee.</b> The current tire recovery fee of \$2 per tire (\$10 per vehicle) is collected by the Department of Transportation (DOT) at the time the owner of a new vehicle applies for a certificate of title for the vehicle. The fee expires on June 30, 1997. The fee is deposited in the waste tire removal and recycling program revenue appropriation which pays for: (a) cleanup of stockpiles of tires that are a threat to public health; (b) reimbursement grants to end-users or processors of waste tires; and (c) management or recovery grants for local government programs that reduce illegal dumping of tires and projects that expand the markets for waste tires. The program will end on June 30, 1997, and any remaining program revenues will be deposited in the general fund (estimated to be \$1.5 million).</p>	<p><b>Vehicle Environmental Impact Fee.</b> (LFB Page 417, #4) While not changing recycling fund revenues or expenditures, the bill would create an environmental impact fee of \$5 per vehicle on the sale of new trucks that would be deposited into the environmental fund. The fee would be collected by DOT in the same way and at the same time as the existing tire recovery fee. The fee would first apply to vehicles purchased on the effective date of the bill.</p>	<p><b>Tire Recovery Fee.</b> Recreate the current tire recovery fee and increase the fee from \$2 to \$4 per tire, collected by DOT in the same way and at the same time as the existing tire recovery fee at the time the owner of a new vehicle applies for a certificate of title for the vehicle. The fee would continue through 2004.</p>

Current Law	Governor's 1997-99 Budget Bill	Legislative Council Special Committee
<p><b>Waste Tire Reimbursement Grants.</b> The current waste tire removal and recycling program revenue appropriation includes reimbursement grants to end-users or processors of waste tires which will provide approximately \$2.4 million in 1996-97 (calendar year 1996 tires used). The program is repealed effective June 30, 1997.</p>	<p><b>Waste Tire Reimbursement Grants.</b> Maintain current law.</p>	<p><b>Waste Tire Reimbursement Grants.</b> Recreate the waste tire reimbursement grant program and provide \$1,200,000 SEG annually from the recycling fund.</p>
<p><b>Waste Reduction and Recycling Demonstration Grant Program.</b> DNR is provided with \$1,000,000 annually in a continuing appropriation from the recycling fund for grants to municipalities, public entities, businesses and nonprofit organizations for projects which implement innovative waste reduction and recycling activities. Grants may not exceed 50% of the eligible costs or \$150,000, whichever is less.</p>	<p><b>Waste Reduction and Recycling Demonstration Grant Program.</b> Maintain current law.</p>	<p><b>Waste Reduction and Recycling Demonstration Grant Program.</b> Maintain current funding of \$1,000,000 SEG annually. In addition, allow grants to be paid for up to 75% of eligible costs of community-wide waste reduction projects (compared to 50% of eligible costs for current projects).</p>
<p><b>University of Wisconsin Research.</b> In 1996-97, the UW-System allocated \$198,000 GPR for: (a) Solid Waste Research Council grants for research into alternative methods of solid waste management (\$168,600 GPR); and (b) solid waste experiment centers to develop, demonstrate, promote and assess the costs and environmental effects of alternatives to solid waste disposal (\$29,400 GPR and 0.6 GPR position).</p>	<p><b>University of Wisconsin Research.</b> Continue GPR funding for UW System solid waste experiment center programs totalling \$380,000 GPR in 1997-99, including: (a) \$168,600 GPR annually to continue the 1996-97 funding levels for grants for research into alternative methods of solid waste management; and (b) \$21,200 GPR in 1997-98 and \$21,600 GPR in 1998-99 and 0.5 GPR position for solid waste experiment centers.</p>	<p><b>University of Wisconsin Research.</b> In addition to the current GPR funding, provide \$400,000 SEG annually from the recycling fund for research by UW faculty and others into topics related to solid waste management.</p>
<p><b>Public Education.</b> No provision.</p>	<p><b>Public Education.</b> No provision.</p>	<p><b>Public Education.</b> Provide \$550,000 SEG from the recycling fund to DNR and UW-Extension for a public education program related to the purchase of recycled items by the public and the reduction of solid waste generation by the public. This would include: (a) \$205,000 in 1997-98 and \$179,000 in 1998-99 for DNR; and (b) \$77,000 in 1997-98 and \$89,000 in 1998-99 for UW-Extension.</p>
<p><b>Study of the Future of Solid Waste Management.</b> No provision.</p>	<p><b>Study of the Future of Solid Waste Management.</b> No provision.</p>	<p><b>Study of the Future of Solid Waste Management.</b> Provide \$500,000 and 2.5 positions to DNR and UW-Extension and direct DNR, in cooperation with the UW-Extension to conduct a study of the future of solid waste management. This would include \$150,000 annually and 1.25 positions for DNR and \$100,000 annually and 1.25 positions for UW-Extension. Expenditure of the funds would require the review of the Joint Committee on Finance. Direct DNR to report its findings and recommendations to the Governor and the Legislature within two years.</p>

Current Law	Governor's 1997-99 Budget Bill	Legislative Council Special Committee
<p><b>Study of Competition in the Solid Waste Industry.</b> No provision.</p>	<p><b>Study of Competition in the Solid Waste Industry.</b> No provision.</p>	<p><b>Study of Competition in the Solid Waste Industry.</b> Provide \$300,000 SEG in 1997-98 from the recycling fund to the Department of Justice (DOJ) to conduct a study of the solid waste industry in Wisconsin to determine whether there is effective competition in the provision of solid waste services to municipalities, counties, businesses and individuals and whether there are potential violations of state or federal anti-trust laws by such service providers. Direct DOJ to report its findings to the Legislature within one year.</p>
<p><b>Supplemental Recycling Grant.</b> No provision.</p>	<p><b>Supplemental Recycling Grant.</b> No provision.</p>	<p><b>Supplemental Recycling Grant.</b> Transfer \$5,200,000 annually from the general fund to the recycling fund from 1997-98 through 2002-03 and \$18,250,000 in 2003-04. Create a SEG recycling fund sum sufficient appropriation, not to exceed \$5.2 million annually, to provide grants equaling \$1 per capita to any responsible unit that has an effective recycling program for any costs related to the program.</p>
<p><b>Study of Out-of-State Waste.</b> No provision.</p>	<p><b>Study of Out-of-State Waste.</b> No provision.</p>	<p><b>Study of Out-of-State Waste.</b> Provide \$50,000 in 1997-98 and \$50,000 in 1998-99 to DNR to conduct a study of the impact of out-of-state waste on the state and local governments in Wisconsin.</p>

**ATTACHMENT 2**

**Recycling Fund Cumulative Revenues and Expenditures  
1990-91 Through 1995-96**

	<u>Amount (In Millions)</u>	<u>Percent</u>
<b>REVENUES</b>		
Recycling Surcharge	\$198.69	83.90%
Transfer from the General Fund	29.70	12.54
Investment Income	7.19	3.03
Other	<u>1.25</u>	<u>0.53</u>
Total Revenues	\$236.83	100.00%
<b>EXPENDITURES AND ENCUMBRANCES</b>		
<b>Program Administration</b>		
<i>Agriculture, Trade and Consumer Protection</i>		
Recycling products regulation	\$0.65	0.29%
<i>Commerce (Development prior to July 1, 1996)</i>		
Recycling development program	0.41	0.18
Recycling rebate program administration	0.41	0.18
<i>Natural Resources</i>		
Park and forest recycling activities	0.27	0.12
Recycling--administration	5.89	2.61
Recycling grants--administration	0.68	0.30
Statewide recycling administration	3.10	1.37
<i>Recycling Market Development Board</i> (Administration through 1994-95, UW System as of 1995-96)		
Recycling market development board; operations	0.45	0.20
<i>Revenue</i>		
Recycling fees administration	1.68	0.74
<b>Education Programs</b>		
<i>Natural Resources</i>		
Statewide recycling education	4.56	2.02
<i>Wisconsin Technical College System</i>		
Recycling programs	0.02	0.01
<i>University of Wisconsin System</i>		
Extension recycling education	1.70	0.75
Research on tin can scrap	0.06	0.03
<b>Grant, Loan, Rebate and Financial Assistance Programs</b>		
<i>Commerce (Development prior to July 1, 1996)</i>		
WDF; recycling loans & grants, assistance	4.66	2.06
Recycling rebates program -- assistance	12.71	5.63
Minority business recycling development; grants and loans	0.11	0.05
Technology and pollution control and abatement grants and loans	0.40	0.18
<i>Natural Resources</i>		
Environmental aids - municipal & county recycling grants	148.08	65.57
Environmental aids - waste reduction and recycling demonstration grants	6.13	2.72
Environmental aids - lake states wood utilization consortium	0.00	0.00
<i>Recycling Market Development Board</i> (Administration through 1994-95, University of Wisconsin System as of 1995-96)		
Recycling market development board; assistance	7.32	3.24
<i>WHEDA</i>		
Transfer--development reserve fund	0.68	0.30
<b>Transfer to General Fund</b>	<u>25.85</u>	<u>11.45</u>
<b>TOTAL EXPENDITURES</b>	<b>\$225.82</b>	<b>100.00%</b>
Cumulative Revenues less Cumulative Expenditures/encumbrances	\$11.01	
Less 95-96 year end continuing balances	-\$3.82	
Less adjustment for encumbrances	<u>-\$2.52</u>	
Available July 1, 1996, unencumbered fund balance	\$4.66	

To: Joint Committee on Finance

From: Bob Lang, Director  
Legislative Fiscal Bureau

## ISSUE

### **Recycling Market Development Board (Commerce -- Building and Environmental Regulation and UW System)**

[LFB Summary: Page 149, #1 and Page 627, #15]

## CURRENT LAW

The Recycling Market Development Board (RMDB) was created in 1993 Act 75. The RMDB has the responsibility of promoting the development of markets for recovered materials and maximizing the marketability of these materials. The RMDB is attached to the University of Wisconsin System - Extension for limited administrative purposes. 1995 Act 27 specified that on the later of July 1, 1997, or the effective date of the 1997-99 biennial budget act, the RMDB be attached to the Department of Commerce. The RMDB is appropriated \$7,980,800 SEG from the recycling fund in 1995-96 and \$8,343,000 SEG in 1996-97 in a biennial appropriation for financial assistance. The RMDB is provided \$317,200 SEG in 1995-96 and \$317,200 SEG in 1996-97 for Board operations with 4.0 authorized positions, including an unclassified executive director nominated by the Governor and approved by the Senate. The RMDB annually elects one of the 11 members as the chairperson.

## GOVERNOR

Provide \$2,817,600 SEG in 1997-98 and \$2,818,100 SEG in 1998-99 and 4.0 SEG positions from the recycling fund to implement the current law transfer of the RMDB from UW-Extension to Commerce. Funding would include \$2,500,000 in each year for financial assistance and \$317,600 in 1997-98 and \$318,100 in 1998-99 and 4.0 positions annually for program operations. Delete current funding of \$8,660,200 SEG annually and 4.0 positions under UW-Extension. The 4.0 RMDB incumbents would not be transferred to Commerce.

Make the following changes to the RMDB: (a) decrease funding for financial assistance from \$8,343,000 in 1996-97 to \$2,500,000 annually; (b) remove authorization for an unclassified executive director; (c) provide that the Secretary of Commerce or his or her designated representative serve as chairperson of the RMDB; (d) provide that Commerce, rather than the RMDB, provide 4.0 staff positions for the RMDB; (e) provide that all financial assistance provided by the RMDB continue to be awarded by the RMDB but be paid by Commerce; (f) delete the requirement that the RMDB consult with the Council on Recycling when the RMDB annually establishes a list of materials recovered from solid waste for which the RMDB may award financial assistance; (g) specify that Commerce shall utilize the financial assistance appropriation to provide financial assistance awarded by the RMDB and to pay contracts entered into by the RMDB with other persons to accomplish the powers and duties of the RMDB; (h) repeal the requirement that the RMDB contract with UW-Extension for administrative staff services; and (i) repeal the requirement that UW-Extension conduct a study of the future of the RMDB and submit it to the Governor and Legislature by October 1, 1996 (UW-Extension submitted the report on November 15, 1996).

## **DISCUSSION POINTS**

### **Background**

1. The RMDB administers several recycling market development programs, including loans for the startup or expansion of recycling businesses, rebates for a portion of the cost of eligible machinery or equipment that is used in making a product from recoverable materials, research, education, technical assistance, planning grants for recycling businesses, financial assistance to businesses for research and development of products or processes using recovered or recyclable materials and administrative services. Table 1 shows total cumulative financial assistance awarded for each program through April 15, 1997.

**TABLE 1**

**Recycling Market Development Board, Cumulative  
Financial Assistance Awarded by Category  
Through April 15, 1997**

<u>Category</u>	<u>Amount Awarded</u>	<u>Percent</u>
Recycling Loans	\$6,768,942	39.0%
Qualified Property Rebates	2,992,807	17.2
Research	1,939,559	11.2
Technical Assistance	1,292,736	7.4
Administrative Services	1,200,506	6.9
General Rebate	1,023,500	5.9
Education	937,438	5.4
Recycling Early Planning Grants	477,872	2.7
Independent Grants	448,689	2.6
Recycling Market Development Grants	184,446	1.1
Recycling Technology Assistance	<u>100,000</u>	<u>0.6</u>
<b>Total</b>	<b>\$17,366,495</b>	<b>100.0%</b>

2. The RMDB has used the financial assistance appropriation for a portion of administrative services, mainly including: (a) hiring a consultant to develop and update the strategic plan (\$127,895 in 1995-97); (b) providing funds to the Department of Commerce to administer the loan portfolio of the former Department of Development (DOD) recycling programs (\$50,000 for one position in 1995-96 and \$122,125 for two positions in 1996-97); (c) hiring a business consultant and finance coordinator to review financial assistance applications (\$209,000 for a contract from July 1, 1995, through November 30, 1996, and \$275,000 from December 2, 1996, through December 1, 1997; and (d) hiring limited-term employe commodity specialists during 1995-97 to specialize in the marketing of various recyclable materials (\$138,380 for three consultants for 15 hours per week at \$55 per hour and two assistants for 20 hours per week at \$15 per hour).

3. The RMDB's administrative appropriation funds the four authorized positions, including the unclassified director, finance specialist, communications specialist and program assistant. In addition, the RMDB employs one limited-term employe program assistant and two students for administrative support. In 1996-97, the RMDB is paying for approximately 11 staff for recycling market development programs, including the four authorized positions, limited-term employes, consultant contract, Commerce staff and student hourly workers.

4. 1995 Act 27 directed the University of Wisconsin-Extension to conduct a study of the feasibility and desirability of transferring the powers and duties of the RMDB to a business entity and to recommend to which agency the RMDB should be attached if the report concluded that the RMDB should continue to exist and that its powers and duties should not be transferred to a business entity. The UW-Extension submitted a report to the Legislature on November 15, 1996. The report did not make a recommendation on whether the RMDB should continue to exist, stating that without the development of aggregate performance measures, any recommendation about the dissolution of the RMDB would be subjective. The report included the following recommendations: (a) indicators which measure aggregate performance of market development efforts should be implemented or adopted (no performance indicators were identified in the report); (b) the executive director should be hired by the RMDB instead of by the Governor; (c) the nature of the market precludes the complete transference of the RMDB's functions to a business entity; (d) education and research functions should continue to be contracted to the UW-Extension Solid and Hazardous Waste Education Center or other sources of information and education; (e) public information functions should be contracted to a private business; (f) evaluating grant and loan applications and monitoring their performance should be contracted to a private entity or another public agency involved in administering loans and grants such as Commerce or WHEDA; and (g) the RMDB should retain policy making functions and oversight of privatized functions.

#### **Funding for Financial Assistance**

5. The \$2,500,000 annual financial assistance appropriation in the bill is \$5,843,000 lower than the 1996-97 funding level. The Legislative Council Special Committee on the Future of Recycling made several recommendations related to the RMDB on March 14, 1997, which included a recommendation for \$2,176,500 annually for financial assistance (\$323,500 lower than the Governor's recommendation). Both recommendations would require the RMDB to provide more targeted financial assistance. However, the Legislative Council Special Committee would also provide \$700,000 during 1997-99 for activities currently partially funded through the RMDB, but not included in SB 77, as follows: (a) \$300,000 annually to the RMDB to contract for the expansion of materials exchanges, which are services that post wastes available for reuse and help to connect waste generators with parties that can use the generated waste; and (b) \$400,000 annually to the UW-System for research related to solid waste management.

6. Although not recognized in SB 77, during 1997-99 the RMDB will have available approximately \$3.0 million PR in loan repayments (making approximately \$8.0 million available in the biennium).

7. The RMDB hired a consultant to prepare a strategic plan that was required by 1995 Act 27. A strategic plan was approved in June, 1996, and updated in 1997. The plan includes the RMDB's mission to "be a recognized force in partnership with government, business, and industry to achieve, by 1999, viable and resilient markets for recoverable materials that

sustain Wisconsin's recycling efforts into the next century." The RMDB recommends that funding for financial assistance of \$7,000,000 annually be provided during 1997-99 in order to: (a) allow a higher probability of establishing a self-sustaining loan fund beyond 1999; (b) fund a higher number of materials on the priority funding list than it would fund under SB 77; (c) provide assistance for materials banned from landfills; and (d) fund research tied to business and market development needs. The RMDB's strategic plan update indicates that with financial assistance funding of \$2,500,000 annually: (a) in order to reduce the amount of waste landfilled, the RMDB would focus funding on the development of markets for recycling of non-banned materials such as construction and demolition debris, pulp and paper mill sludge, scrap wood and pallets, foundry process waste and computers; (b) mixed broken glass would be the only banned materials for which funding would be provided; and (c) research and technical assistance would be minimized. Commerce indicates it will review the strategic plan updates within the framework of the funding provided under the bill. It could be argued that the RMDB should focus on the development of markets for banned materials in order to assist Wisconsin communities in finding viable markets for materials required to be recycled.

8. Some have argued that a decrease in financial assistance from the current \$8,343,000 annually to the amount provided under the bill (\$2,500,000 annually) or the recommendations of the Legislative Council Special Committee (\$2,176,500 annually) would provide a more focused and reasonable level of expenditures than current law. Some believe that the almost \$35 million spent for recycling market development under the former DOD (\$17.5 million) and current RMDB (\$17.4 million) programs has not yielded results commensurate with the amount of money spent.

9. It could be argued that maintaining a higher level of financial assistance funding, such as \$7,000,000 annually, would focus funding on a larger number of materials and better develop markets for recyclable materials. The RMDB argues that funding should not be reduced to the levels in the bill because the RMDB has just developed policies and plans and has recently fully staffed the RMDB. Many governments have found a lack of markets for recyclable materials to be a major obstacle to decrease dependence on state grants for operating local recycling programs. Providing \$7,000,000 annually would increase funding in the bill by \$6,000,000 in 1997-99 and would decrease the estimated recycling fund balance on June 30, 1999, from \$12.6 million under SB 77 to \$6.6 million.

### **Staffing**

10. Commerce Secretary McCoshen stated, in a January 8, 1997, letter to the Legislative Council Special Committee on the Future of Recycling, that Commerce would need four positions to implement \$2.5 million in annual RMDB financial assistance, including a loan officer, marketing specialist, planning analyst and program assistant. He also stated that the four positions would be assigned exclusively to the recycling programs and would be recruited with

the background and expertise to assist in the development and implementation of the programs, and that recruitment and hiring would be initiated immediately upon passage of the bill.

11. Commerce officials have recently indicated that: (a) four staff would be sufficient to administer \$2.5 million in annual financial assistance for the RMDB and close out the former DOD recycling loan and rebate portfolio; (b) the current staff could be eligible to apply for the Commerce positions but the Department has made no promises to hire any of the existing staff; (c) it may prefer that the four positions be provided as project rather than permanent since the funding source for the RMDB ends in 1998-99; (d) Commerce is currently reviewing the types of staff skills needed to implement the \$2.5 million of funding provided in the bill; (e) Commerce would consider the recommendations of the RMDB related to modifications of the strategic plan before finalizing types of staff positions provided for the RMDB; (f) Commerce would work with existing RMDB staff to insure that the administrative transition from UW-Extension to Commerce would be as smooth as possible; and (g) Commerce would review existing contracts with the business consultant and strategic planner and agreements with the limited-term commodity specialists to review whether any such administrative services would be needed beyond the four positions provided under the bill. Given the approximately 50% reduction in financial assistance under SB 77 in the 1997-99 biennium, administrative savings should be realized (either in state staff or contracts), and less than 4.0 staff may be needed to provide administrative support to the RMDB.

12. It could be argued that transferring the incumbent staff to Commerce would better ensure continuity of staffing during the coming two years than providing new positions in Commerce, especially because the funding source for the RMDB ends in 1998-99. If the existing unclassified executive director would be transferred to Commerce, the appointing authority could be changed from the Governor to the Secretary of Commerce, which would be consistent with other classified positions in Commerce. However, it could also be argued that the restructuring of the RMDB, decrease in funding and attachment to Commerce makes an unclassified executive director unnecessary. Arguably, the bill's authorization for Commerce to hire new staff is consistent with the way four positions were provided to the RMDB in 1995 Act 27. In the 1995-97 biennial budget act, the one authorized RMDB position was increased to four and one DNR and two DOD positions were deleted that had previously staffed the RMDB.

### **Powers of the RMDB**

13. Examples of boards with policy making functions attached to and staffed by the Department of Commerce are the Development Finance Board and the Rural Economic Development Board. These boards decide which entities should receive a grant or loan and then Commerce actually makes and administers the grant or loan. The two current Commerce Boards are required to elect a chairperson at the beginning of each year but the bill would designate the Secretary of Commerce as the chairperson of the RMDB. While the statutes call for an annual

election, Commerce indicates that current departmental practice is to have the Commerce representative chair each Board attached to Commerce.

14. While SB 77 would delete the requirement that the RMDB consult with the Council on Recycling when the RMDB annually establishes a list of materials recovered from solid waste for which it will provide financial assistance, the Legislative Council Special Committee recommended that the requirement be retained. It could be argued that the Council on Recycling and RMDB should continue to work cooperatively to implement recycling priorities developed by both entities. On the other hand, it could be argued that the RMDB should not have to consult the Council on Recycling because the Council is a recycling policy advisory council, primarily to DNR, while the RMDB has a more specialized focus in the financial aspects of recycling market development.

15. While the bill retains the current limitation that the RMDB may not expend more than 10% of its financial assistance funds available in a biennium for contracts with and financial assistance to responsible units and other local units of government for recycling market development activities, the Legislative Council Special Committee recommended repealing the limitation. The Special Committee's recommendation would allow the RMDB to expand the proportion of funds awarded to responsible units (thus less financial assistance would be available to businesses). However, it appears that, to date, the 10% limit has not prevented any responsible units from receiving funding from the RMDB because as of April 15, 1997, 1% of financial assistance was awarded to responsible units and other units of government.

16. The Legislative Council Special Committee made two recommendations related to RMDB priorities that are not included in the bill. They are: (a) specify that the RMDB's programs focus on the reuse of materials recovered from solid waste as well as on the recycling of these materials (which is current practice); and (b) require that the RMDB's priority list of materials for which the RMDB may provide assistance give priority to materials that, if not recovered, would be disposed of in landfills. The intent of the later action is to divert materials from landfills rather than fund projects where there is alternative disposal technology such as landspreading of whey. It would also encourage the funding of non-banned over banned materials, which arguably is consistent with the expansion of authority to fund non-banned materials that was provided in 1995 Act 15.

17. In the study of the future of various boards required by 1995 Act 27, the Lieutenant Governor recommended that the RMDB sunset on April 1, 1999, to coincide with the current law elimination of the recycling surcharge for tax years that end after April 1, 1999. (However, it should be noted that surcharge revenues would continue to be collected during the remainder of 1998-99 as businesses submit their income tax returns.)

18. It could be argued that the RMDB could be repealed at the end of 1997-99 because, under current law, there will be no new revenue available after the recycling surcharge ends. There would continue to be loan repayments received from previously made loans for up

to ten years after the end of the biennium. The sunset on the Board could be extended beyond 1999 in order to continue to award financial assistance through a revolving loan fund. Alternatively, the program revenue loan repayments appropriation could be retained in Commerce, and Commerce could be provided authority to use the loan repayments for recycling market development assistance.

**ALTERNATIVES TO BILL**

1. Approve the Governor's recommendation to provide \$2,817,600 SEG in 1997-98 and \$2,818,100 SEG in 1998-99 and 4.0 SEG positions from the recycling fund to implement the current law transfer of the RMDB from UW-Extension to Commerce and to make the following changes to the RMDB: (a) decrease funding for financial assistance from \$8,343,000 in 1996-97 to \$2,500,000 annually; (b) remove authorization for an unclassified executive director; (c) provide that the Secretary of Commerce or his or her designated representative serve as chairperson of the RMDB; (d) provide that Commerce, rather than the RMDB, provide 4.0 staff positions for the RMDB; (e) provide that all financial assistance provided by the RMDB continue to be awarded by the RMDB but be paid by Commerce; (f) delete the requirement that the RMDB consult with the Council on Recycling; (g) specify that Commerce shall utilize the financial assistance appropriation to provide financial assistance awarded by the RMDB and to pay contracts entered into by the RMDB with other persons to accomplish the powers and duties of the RMDB; (h) repeal the requirement that the RMDB contract with UW-Extension for administrative staff services; and (i) repeal the obsolete reference to a requirement that UW-Extension conduct a study by October 1, 1996. Further, provide \$1,500,000 PR annually from loan repayments for financial assistance.

<u>Alternative 1</u>	<u>PR</u>
1997-99 FUNDING (Change to Bill)	\$3,000,000

2. Modify the Governor's recommendation to provide one of the following changes in funding for the RMDB:

a. Consistent with the Legislative Council Special Committee recommendations, decrease funding for financial assistance by \$323,500 annually from \$2,500,000 to \$2,176,500 (\$7,353,000 would be available in the biennium including revenues from loan repayments).

<u>Alternative 2a</u>	<u>PR</u>	<u>SEG</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$3,000,000	- \$647,000	\$2,353,000

NATURAL RESOURCES -- AIR, WASTE AND CONTAMINATED LAND

State Recycling Programs

Motion:

Move to approve the recommendations of the Joint Legislative Council Special Committee on the Future of Recycling that are contained in WLCS: 0337/1, as amended by WLCS: 0385/1 (except as it relates to materials exchanges). The provisions include the following (all appropriations are from the segregated recycling fund):

1. Create a municipal and county recycling grant program for calendar years 2000 through 2004 with funding of \$24,000,000 SEG annually from the recycling fund. The grant program would consist of three components: (a) a basic recycling component equal to \$3 times the population of the responsible unit; (b) a curbside collection component equal to \$1.25 times the population of the responsible unit; and (c) a waste reduction component equal to \$1.25 times the population of the responsible unit that is served by the waste reduction programs the responsible unit implements. The sum of the three grant components could not exceed 75% of the responsible unit's recycling expenses. The Department would be required to first pay the basic recycling component, then the curbside component and finally any remaining funds for the waste reduction component.

2. Make the following modifications to the existing municipal and county recycling grant program for calendar years 1998 and 1999: (a) increase the total grant amount for calendar year 1999 by \$7 million (from \$17 million currently to \$24 million); (b) continue the same grant calculation formula as currently exists for calendar year 1997; (c) repeal the funding of yard waste expenses; and (d) repeal the 10% set-aside of the funds appropriated for supplemental grants to responsible units that have implemented a volume-based fee system for solid waste services.

3. Reduce the current temporary recycling surcharge on business income taxes beginning with tax year 1998 and delay the sunset of the surcharge from 1999 to 2004. Make the following modifications to the surcharge: (a) reduce the recycling surcharge rate from 5.5% to 2.75% of gross tax liability or from 0.4345% to 0.21725% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxed as partnerships and S corporations; (b) exempt businesses from gross receipts of less than \$1,000,000 (\$4,000 currently); and (c) exempt noncorporate farms (flat \$25 currently if profits exceed \$1,000). Estimated revenue to the recycling fund would decrease by \$26.4 million in 1998-99 (from \$40.2 million to \$13.8 million).

4. Recreate the tire recovery fee and increase the fee from \$2 to \$4 per tire (\$20 per car). The fee would be collected by DOT at the time the owner of a new vehicle applies for a certificate of title for the vehicle. Sunset the fee in 2004. The fee would generate revenues of approximately \$5.7 million in 1997-98 and \$6.8 million in 1998-99.

5. Make the following changes in the Recycling Market Development Board: (a) provide financial assistance of \$2,176,500 annually; (b) provide \$323,500 annually and 4.0 positions for administration; (c) require that the RMDB's priority list of materials for which the RMDB may provide assistance give priority to materials that, if not recovered, would be disposed in landfills; (d) limit the authority of the RMDB to contract for services to state agencies, rather than with any other person; (e) repeal the limitation that the RMDB may not expend more than 10% of its financial assistance appropriation for contracts with and financial assistance to responsible units and other local units of governments; and (f) require that financial assistance awarded by the RMDB be consistent with the RMDB's current strategic plan.

6. Provide \$300,000 annually to the RMDB to contract for the creation of a statewide materials exchange and one or more regional materials exchanges. A materials exchange is a service which provides information regarding wastes available for reuse and helps to connect waste generators with parties that can use the waste being generated.

Modify the recommendations of the Special Committee on the Future of Recycling relating to materials exchanges to: (a) direct the RMDB to contract with the Business Material Exchange of Wisconsin (BMEX) (a program of the Greater Beloit Chamber of Commerce) for the creation and operation of a statewide materials exchange; (b) direct the contractee (BMEX) to operate or contract for the creation and operation of one or more regional materials exchanges; (c) remove the Special Committee's recommendation that the RMDB contract with UW-Extension for educational programs that support the materials exchanges; and (d) remove the Special Committee's recommendation that the RMDB submit a feasibility report to the Joint Committee on Finance on the need for the exchanges, as a condition of the RMDB encumbering or expending monies for the materials exchanges.

7. Direct DNR to maintain estimates of the amount of materials that are recovered from solid waste for reuse or recycling. Require materials recovery facilities to report, according to DNR rules, the amount of certain recyclable materials that they receive.

8. Repeal the effective recycling program criterion that requires that, beginning in 1997, responsible units of government implement a system of volume-based solid waste fees to generate revenues equal to the responsible unit's costs for solid waste management other than the costs that are reimbursed by the state.

9. Provide that a person who donates or sells, at a price not exceeding overhead and transportation costs, materials to a materials reuse program that is operated by a charitable organization or a local government is immune from civil liability for injury, death or property damage that is caused by the donated material.

10. Recreate the waste tire reimbursement grant program to partially reimburse processors or end users of waste tires and provide \$1,200,000 annually for grants.

11. Amend the waste reduction and recycling demonstration grant program to allow grants to be paid for community-wide waste reduction projects, with grants of up to 75% of eligible costs (compared to 50% for other projects).

12. Provide \$400,000 annually to the UW-System for research by UW faculty and others into a variety of topics related to solid waste management.

13. Provide \$550,000 on a one-time basis to DNR and UW-Extension for a public education program related to the purchase of recycled items by the public and the reduction of solid waste generation by the public. This would include: (a) \$205,000 in 1997-98 and \$179,000 in 1998-99 for DNR; and (b) \$77,000 in 1997-98 and \$89,000 in 1998-99 for UW-Extension.

14. Provide \$500,000 on a one-time basis for a study and 2.5 project positions that end on June 30, 1999. Direct DNR, in cooperation with UW-Extension, to conduct a study of the future of solid waste management, including \$150,000 annually and 1.25 project positions for DNR and \$100,000 annually and 1.25 project positions for UW-Extension. The study would include an examination of ways to increase the efficiency and effectiveness of current recycling programs and an examination of ways to improve the coordinated and cost-effective management of solid waste in Wisconsin. DNR would be directed to report its findings and recommendations to the Governor and Legislature within two years. The agencies would not be authorized to encumber the funds until they submit to Joint Finance a plan for conducting the study and a written notice of the proposed encumbrance, for consideration under a 14-day review process.

15. Provide \$300,000 in 1997-98 to the Department of Justice (DOJ) to conduct a study of the solid waste management industry in this state to determine whether there is effective competition in the provision of solid waste services to municipalities, counties, businesses and individuals and whether there are potential violations of state or federal anti-trust laws by such service providers. DOJ would be directed to report its findings to the Legislature within one year.

16. Direct the DNR Secretary to create a Committee to study whether current solid waste landfill designs and operations should be altered to better protect public health, safety and welfare and to reduce the long-term care needed at future landfills. The Committee would be directed to report its recommendations to DNR, the Governor and the Legislature by January 1, 1999.

Note:

The motion would adopt several of the March, 1997, recommendations of the Joint Legislative Council Special Committee on the Future of Recycling, such as to: (a) maintain municipal and county recycling grants at \$24 million annually (the 1997-98 level under current law) through 2004; (b) extend the temporary recycling surcharge by five years, reduce the rate by one-half and expand exemptions (revenues would decline by almost two-thirds); (c) fund the RMDB at \$2.8 million annually; (d) recreate the tire fee at \$20 per car; and (e) provide \$1.35 million in one-time research and public education funding.

If the motion and all of the Governor's recommendations related to use of recycling fund monies are approved, the recycling fund would be in deficit by approximately \$12.8 million on June 30, 1999. The Governor's recommendations include \$20,000,000 for a Commerce brownfields grant program, \$4,000,000 for a WHEDA brownfields loan guarantee program and \$500,000 for DOA geographic information systems.

Under the motion, ongoing recycling fund expenditures in 1998-99 (excluding one-time items) would be approximately \$33.2 million while ongoing revenues would be approximately \$22.6 million. If the motion and the Governor's recommendation to recreate the waste tire fee as a \$5 per vehicle fee are both approved, the total fee would be \$25 per car (\$20 to the recycling fund and \$5 to the environmental fund).

[Revenue Change to Base: -\$13,900,000 SEG-REV]  
[Revenue Change to Bill: -\$13,900,000 SEG-REV]  
[Funding Change to Base: -\$176,500 SEG and 2.5 SEG positions]  
[Funding Change to Bill: \$11,509,500 SEG and 2.5 SEG positions]

MO# 3245

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	X	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

b. Increase funding for financial assistance by \$3,000,000 (from \$2,500,000 to \$5,500,000) in each year (along with loan repayments of \$1.5 million PR annually this would fund the RMDB request of \$7 million annually).

<u>Alternative 2b</u>	<u>PR</u>	<u>SEG</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$3,000,000	\$6,000,000	\$9,000,000

3. Modify the Governor's recommendation related to staffing in any of the following ways:

a. Provide the 4.0 positions as project (instead of permanent) with an end date of June 30, 1999.

<u>Alternative 2b</u>	<u>SEG</u>
1998-99 POSITIONS (Change to Bill)	- 4.00

b. Provide 2.0 project positions (rather than 4.0) to reflect the reduced activity of the RMDB in 1997-99. Decrease funding by \$101,700 annually.

<u>Alternative 3b</u>	<u>SEG</u>
1997-99 FUNDING (Change to Bill)	- \$203,400
1998-99 POSITIONS (Change to Bill)	- 4.00

c. Transfer the four existing staff from UW-Extension to Commerce with all of the rights and privileges of their permanent position status.

d. Retain authorization of the executive director as an unclassified position, but specify that the position would be appointed by the Secretary of Commerce rather than the Governor.

4. Modify the Governor's recommendation to include one or more of the following changes to the duties and authority of the RMDB:

a. Maintain the current law requirement that the RMDB annually elect a member to be chair of the RMDB.

b. Maintain the current law requirement that the RMDB consult with the Council on Recycling when the RMDB annually establishes a list of materials recovered from solid waste for which the RMDB may award financial assistance.

c. Specify that the RMDB's programs focus on the reuse of materials recovered from solid waste as well as on the recycling of these materials.

d. Repeal the limitation that the RMDB may not expend more than 10% of its financial assistance funds available in a biennium for contracts with and financial assistance to responsible units and other local units of government.

e. Require that the RMDB's priority list of materials for which the RMDB may provide assistance give priority to materials that, if not recovered, would be disposed in landfills.

f. Require the RMDB's priority list of materials for which the RMDB may provide assistance give priority to recyclable materials that are banned from landfills and that would support community recycling efforts.

g. Direct Commerce to use the RMDB's existing strategic plan to guide the activities of the RMDB.

5. In addition to any of the above alternatives, provide one of the following sunsets for the RMDB. In addition, repeal the SEG appropriations, duties and authority of the RMDB as of that date. Retain the PR loan repayments appropriation and authorize Commerce to utilize the appropriation after the sunset date, to provide financial assistance for recycling market development.

Provide a sunset date of June 30, 1999.

MO# 2a

<b>Alternative 5a</b>	<b>SEG</b>
1998-99 POSITIONS (Change to Bill)	- 4.00

MO# 3a,d

2 BURKE	Y	N	A
1 DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

Provide a sunset date of June 30, 2001.

ra Bonderud

2 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
1 JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

Commerce -- Building and Environmental Regulation and L

AYE 15 NO 1 ABS 0

MO# 4 b, c, f

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

MO# 4 a

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 9 NO 7 ABS 0

MO# 5 b

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 13 NO 3 ABS 0

To: Joint Committee on Finance
From: Bob Lang, Director Legislative Fiscal Bureau

**ISSUE****Recycling Fund Transfer to General Fund (DNR -- Air, Waste and Contaminated Land and General Fund Taxes)**

[LFB Summary: Page 428, #28 and Page 32, #16]

**CURRENT LAW**

No provision.

**GOVERNOR**

Transfer \$3,850,000 from the recycling fund to the general fund in 1997-98.

**DISCUSSION POINTS**

1. The initial recycling act, 1989 Act 335, transferred \$29,700,000 from the general fund to the recycling fund. The Act did not require that future amounts be transferred from the recycling fund to the general fund.

2. A total of \$25,850,000 has been transferred from the recycling fund to the general fund, including \$4,750,000 in 1991-92 and \$21,100,000 in 1995-96. Some have viewed the transfers from the recycling fund to the general fund as "repayments" of the original "loan" from the general fund. Others have viewed the initial transfer from the general fund as one-time start-up funding that was not intended to be repaid.

3. Under SB 77, the cumulative transfers from the recycling fund to the general fund would be \$29,700,000, which equals the amount of the initial transfer from the general fund.

**ALTERNATIVES TO BILL**

1. Approve the Governor's recommendation to transfer \$3,850,000 from the recycling fund to the general fund.

2. Maintain current law.

<u>Alternative 2</u>	<u>GPR-REV</u>	<u>SEG-REV</u>
1997-99 REVENUE (Change to Bill)	- \$3,850,000	\$3,850,000

Prepared by: Kendra Bonderud

MO# Alt 2

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
COWLES	Y	<input checked="" type="radio"/>	A
PANZER	Y	<input checked="" type="radio"/>	A
JENSEN	Y	<input checked="" type="radio"/>	A
OURADA	Y	<input checked="" type="radio"/>	A
HARSDORF	Y	<input checked="" type="radio"/>	A
ALBERS	Y	<input checked="" type="radio"/>	A
GARD	Y	<input checked="" type="radio"/>	A
KAUFERT	Y	<input checked="" type="radio"/>	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 8 NO 8 ABS 0

To: Joint Committee on Finance  
From: Bob Lang, Director  
Legislative Fiscal Bureau

## ISSUE

### **Municipal and County Recycling Grant Calculation (Natural Resources -- Air, Waste and Contaminated Land)**

[LFB Summary: Page 428, #29]

## CURRENT LAW

The municipal and county recycling grant program provides financial assistance to responsible units of government for a portion of eligible recycling expenses incurred from July 1, 1990, through December 31, 1999. The calendar year 1997 grant calculation formula provides a grant of either 66% of the difference between eligible recycling expenses and avoided disposal costs or \$8 times the population of the responsible unit of government, whichever is less. The grant calculation formula changes in 1998 and 1999 so that yard waste costs and capital costs are funded at 50% in 1998 and 25% in 1999 (instead of 66% in 1997) and other costs of planning and operating the recycling program would continue to be funded at 66% in 1998 and reduced to 50% in 1999. In 1997, the grant calculation formula subtracts avoided disposal costs from eligible costs before multiplying by 66%. In 1998 and 1999 the current formula subtracts avoided disposal costs from eligible costs after multiplying by 66% (in 1998) or 50% (in 1999) of other program costs. Avoided disposal costs are the costs which are not incurred by the responsible unit because materials are recycled rather than disposed of in a landfill or incinerator. As required by law, funding for grants is \$29.2 million in 1996-97 and is reduced to \$24 million in 1997-98 and \$17 million in 1998-99.

## GOVERNOR

Continue the same municipal and county recycling grant calculation formula for calendar years 1998 and 1999 as currently exists for calendar year 1997. The bill would retain the: (a)

calculation percentage of 66%; and (b) subtraction of avoided disposal costs from eligible costs before multiplying by 66%. No additional funding would be provided and the current proration requirements would apply.

## **DISCUSSION POINTS**

1. The current municipal and county recycling grant formula has been used since calendar year 1993. In 1992, the formula was the same except that the eligible grant was the lesser of the formula calculation or \$6 per capita (instead of the \$8 per capita for subsequent years).

2. It is difficult to determine how the eligible grant would change for any specific local government. In general, if all responsible units would incur the same eligible recycling costs in 1998 and 1999 as they do in 1997, they would all have the same eligible grant as in 1997. However, changes in recycling program costs in various communities and the scheduled decreases in the total grant amount will impact the amount of a local government's final grant.

3. The scheduled formula change under current law that decreases the percentage of eligible capital costs would place more emphasis on funding operational costs of recycling programs rather than start-up capital costs. However, DNR indicates that the scheduled change would penalize grantees who own their own collection equipment and processing facilities and would benefit those that have contracted for services instead of purchasing equipment. This is because the percent of allowable capital equipment expenses would decrease while the percent of allowable contracted services would stay the same.

4. DNR indicates that the scheduled formula change to decrease funding for yard waste costs would require development of a more complex application so the Department could make separate calculations of which costs are allocable to yard waste programs and which are allocable to recycling programs. Currently, grantees do not identify yard waste costs separately when reporting eligible recycling costs.

5. The scheduled formula change that subtracts avoided disposal costs after multiplying by 66% (instead of before) would reduce the grant for responsible units that manage garbage collection in addition to collecting recyclables. Responsible units that do not collect non-recyclable solid waste would not be affected by the scheduled change.

6. The bill's retention of the 1997 grant formula would result in a higher amount of eligible grant than under current law in 1998 and 1999 for some of the 1,016 recycling grant recipients. This would include responsible units who: (a) own their own collection equipment and/or processing facilities (278 responsible units, according to 1995 reports submitted by grant recipients); (b) provide collection of solid waste other than recyclables, and thus have avoided disposal costs (826 responsible unit grantees in 1997); or (c) incur yard waste costs (349

responsible unit grantees in 1997). However, since state funding remains at current law levels under the bill, a higher overall eligible award will result in a greater proration of grants.

7. Under the current law change in formula, DNR will have to make changes to the already complicated application forms, reprogram computers, revise grant award materials, educate responsible units and collect information about capital costs that is not currently kept in a detailed manner.

8. Under the bill, the scheduled changes would be in effect for the final two years of the grant program. The two years are scheduled to provide decreased funding for grantees. It could be argued that the formula used during the last six years of the program should not be changed in the final two years. Alternatively, it could be argued that the program should remain structured as it was created.

### ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to continue the same recycling grant formula in 1998 and 1999 as currently exists for calendar year 1997.

2. Maintain current law.

Prepared by: Kendra Bonderud

MO# \_\_\_\_\_

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE \_\_\_\_\_ NO \_\_\_\_\_ ABS \_\_\_\_\_