

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number **07-0856/1** Introduction Number **AB-0266**

Description
 Methods of establishing proof of financial responsibility for the closure and long-term care of a landfill

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes No
- Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
 - 1. Increase Costs Permissive Mandatory
 - 2. Decrease Costs Permissive Mandatory
 - 3. Increase Revenue Permissive Mandatory
 - 4. Decrease Revenue Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected

GPR
 FED
 PRO
 PRS
 SEG
 SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By

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Authorized Signature

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Date

1/7/2007

Fiscal Estimate Narratives

DNR 4/13/2007

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Assumptions Used in Arriving at Fiscal Estimate

Bill Summary: Under current law, one method of providing proof of financial responsibility for the closure and long-term care of a landfill is through an irrevocable trust, which may include securities issued by the federal government. This bill proposes that irrevocable trusts used by landfill owners to demonstrate proof of financial responsibility may include securities issued by an instrumentality of the federal government, as well as securities issued by the federal government. Instrumentalities of the federal government that may issue securities to be included in an irrevocable trust may include, e.g., the Congressionally chartered mortgage lenders Fannie Mae and Freddie Mac.

Fiscal Estimate: No state fiscal effect. Local government costs may decrease by an indeterminate amount. Securities issued by instrumentalities of the federal government such as Fannie Mae and Freddie Mac are not direct obligations of the U.S. Treasury, and are not backed by the Treasury's tax and credit authority. Because they don't have a direct federal guarantee, such securities carry a slightly higher yield than U.S. government securities (treasury bills, treasury bonds, treasury certificates, treasury notes and treasury stocks guaranteed by the federal government). Because such securities carry a slightly higher yield, landfill owners--which could include local governments--using these types of securities would be able to invest fewer funds and still maintain adequate balances in their accounts to meet their proof of financial responsibility requirements. This could result in a decrease in costs for local governments relating to landfill operations. Because of the many variables involved, however, it is not possible to assign a dollar value to any possible cost decrease.

Long-Range Fiscal Implications

None.

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description Methods of establishing proof of financial responsibility for the closure and long-term care of a landfill			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): None			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$	\$
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		Date	
		1/7/2007	