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State of Misconsin 2013 - 2014 LEGISLATURE



## 2013 ASSEMBLY BILL 376

September 17, 2013 – Introduced by Representatives MILROY, MURSAU, DOYLE, BEWLEY, SMITH, CLARK, WACHS and HULSEY, cosponsored by Senators JAUCH and SHILLING. Referred to Committee on Environment and Forestry.

1 AN ACT to amend 289.41 (6) (a); and to create 289.41 (6) (m) of the statutes;

relating to: the net worth method of providing proof of financial responsibility

3 for certain solid waste facilities.

## Analysis by the Legislative Reference Bureau

Current law requires the operator of a solid waste facility to provide proof of financial responsibility for the costs of the care, maintenance, and monitoring of the facility after it is closed. Instead of providing proof of financial responsibility by providing a bond, escrow account, or letter of credit, a company may establish the proof through what is called the net worth method, that is, by showing that the company complies with specified financial criteria, including having a net worth of at least \$10,000,000. One of the other criteria requires a specified ratio of net fixed assets to total tangible assets. Current law provides exceptions or alternatives to some of the financial criteria in specified circumstances.

This bill provides alternate financial criteria for using the net worth method of providing proof of financial responsibility for a company that does not satisfy the current criterion for the ratio of net fixed assets to total tangible assets but that satisfies the other current financial criteria. The alternate criteria may be used by a company that operates a solid waste facility that processes waste wood if more than 50 percent of the waste wood is processed to be used for energy recovery (fuel). The

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alternate criteria include a required ratio of short-term assets to short-term liabilities.

## The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1	<b>SECTION 1.</b> 289.41 (6) (a) of the statutes is amended to read:
2	289.41 (6) (a) Compliance. Except as provided under par. (j), (k), $\theta r$ (L), or (m)
3	or sub. (7), calculations and determinations based on data and information provided
4	in the opinion of the certified public accountant are required to establish that the
5	company satisfies each of the criteria under pars. (b) to (i) in order to comply with
6	minimum financial standards.
7	<b>SECTION 2.</b> 289.41 (6) (m) of the statutes is created to read:
8	289.41~(6)~(m)~Alternative criteria for waste wood facility.~Paragraph~(d)~does
9	not apply to a company that owns a solid waste facility that processes waste wood if
10	more than 50 percent, by volume, of the waste wood is processed to be used for energy
11	recovery and the company satisfies the criteria under pars. (b), (c), and (e) to (i), and
12	the following criteria:
13	1. The quotient of short-term assets divided by short-term liabilities at the end
14	of the company's most recent fiscal year equals or exceeds 4.0.
15	2. The quotient of the sum of net income plus interest expense, plus
16	depreciation, plus amortization, less capital expenditures, less dividends for the
17	company's most recently completed fiscal year divided by the sum of interest
18	expenses and mandatory payments on funded debt for that year equals or exceeds
19	4.0.

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