

Fiscal Estimate Narratives

DNR 05/17/2001

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|--|-----------|---------------------|--------|---------------|----------|
| LRB Number | 01-0411/1 | Introduction Number | AB-365 | Estimate Type | Original |
| Subject | | | | | |
| Required recycled content of newsprint | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Bill Summary:

Under current law, the publisher of a newspaper is generally required to pay a newspaper recycling fee based on the volume or newsprint used by the publisher unless the newsprint on which the newspaper is printed contains a specified minimum percentage of fiber derived from postconsumer waste. From 1998 to 2000, the specified minimum percentage is 33%. For 2001 and 2002, the specified minimum percentage is 37%. For 2003 and thereafter, the specified minimum percentage is 40%.

Under this bill, the specified minimum percentage of fiber from postconsumer waste for newsprint used in newspapers is 33%, with no future increases.

Fiscal Estimate:

1. One-time costs to state government to revise market development fact sheets, forms, and other documents which mention the standards in s. 287.31, Wisc. Stats. would be approximately \$1,000 from recycling SEG.

2. The state would forego as much as \$2,000 in potential revenues in the next biennium. Newspaper publishers are required to pay a fee if their annual total recycled content falls below the target for the year. However, the fees are token amounts, clearly not intended as a revenue generating mechanism and it is not difficult to qualify for an exception when recycled content paper is unobtainable.

In 1999, when the required recycled content was 33%, 10 publishers/printers were not able to meet the requirement. In 2000, only 4 publishers/printers were not able to meet the required 33%. In 2000, fees totalling \$570 were owed by the publishers/printers unable to meet the required percentage. The average post-consumer recycled content reported in 2000 was 44.14%. Using the data from 2000, the Department estimates that a 37% standard in 2002 would double the number of publishers/printers who are unable to meet the required 37%. This would result in an increase in the fines owed by publishers to approximately \$1,000. Given the past performance of publishers/printers adjusting to the required recycled content, the estimated raise to 44% in 2003 would also result in \$1,000 in fines.

Therefore, this proposal to freeze the minimum percentage of fiber would result in a revenue reduction of approximately \$1,000 annually for the first few years. It is assumed that over time, the publishers/printers would be able to adjust to the set percentage and there would be no fines collected.

Long-Range Fiscal Implications

The public policy objective under this statute is not to maximize revenue but rather to reenforce and sustain the demand for market incentives to use recycled content and the demand for old newspaper from local collection programs.

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

| | | | |
|--|--|--|-----------------|
| LRB Number 01-0411/1 | | Introduction Number AB-365 | |
| Subject Required recycled content of newsprint | | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$1,000 | | | |
| 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 | | | -1,000 |
| TOTAL State Revenues | | \$ | \$-1,000 |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | | <u>State</u> | <u>Local</u> |
| NET CHANGE IN COSTS | | \$ | \$ |
| NET CHANGE IN REVENUE | | \$-1,000 | \$ |
| Agency/Prepared By | | Authorized Signature | |
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| | | Date | |
| | | 05/17/2001 | |