

B

funding of \$500,000 SEG in 1999-00 and 2000-01 was provided for the program as a direct appropriation from the recycling fund, rather than a grant, and 4.0 SEG two-year project positions were created (2.0 at RYOFC and 2.0 at TCI). Total program expenditures in 1999-00 were \$374,800 SEG. As of May 1, 2001, the program has expended and encumbered \$452,100 SEG.

63. According to Corrections, during 1999-00, 54,000 pieces of computer equipment were donated to the project and 800 complete computer units (computer processing unit, monitor, keyboard and mouse) were reconstructed for sale. The sale of computers generated approximately \$14,700 in 1999-00. In addition, Corrections collected \$18,700 for the disposal of computer monitors and \$12,100 from the sale of scrap computer materials.

64. The bill provides \$145,800 SEG in 2001-02 and \$145,600 SEG in 2002-03 for 4.0 SEG positions annually for continuation of the computer recycling program. Under the bill, funding and position authority associated with 4.0, two-year project positions provided in the 1999-01 biennial budget for computer recycling are removed as noncontinuing elements under standard budget adjustments. The bill restores the 4.0 positions as permanent, rather than project. Adjusted base funding for the computer recycling program is \$511,600 SEG. Under the bill, total funding for the program (including standard budget adjustments and rent cost increases) would be \$386,300 SEG in 2001-02 and \$387,200 SEG in 2002-03 with 4.0 SEG positions annually.

65. Based on data from Corrections, as of May, 2001, the program has generated \$73,600 in revenue in 2000-01, with expenditures and encumbrances of \$37,100 to partially offset overhead costs associated with the project. The project does not generate sufficient revenues to pay the costs of the project.

66. Corrections indicates that the computer recycling program provides "a meaningful education and work activity for inmates. It has diverted tons of used computer equipment from Wisconsin landfills. It has properly disposed of hazardous wastes from monitors that otherwise would have ended up in Wisconsin landfills. In addition, the program provides a useful service to state agencies and others by disposing of outdated computer equipment." The Department further states that: "The remanufactured equipment is sold at a nominal cost to non-profit agencies for educational uses. The agencies receiving the remanufactured computers tend to be in financial situations that would not allow them to purchase new or used equipment from the private sector. Many of the remanufactured units have been placed in daycare centers, schools and with disabled individuals. A new initiative will provide computers to some W-2 participants."

67. In its 2001-03 budget request to the Governor, the Department requested that the program be funded using GPR (\$383,500 GPR in 2001-02 and \$384,400 GPR in 2002-03 and 4.0 GPR positions annually). While SB 55 provides approximately the same total funding amount requested by Corrections (minor adjustments were made in calculating salaries), the Governor continued to fund the program using SEG revenues from the recycling fund. Some would argue, however, that the state should not use recycling fund monies to recycle computers formerly used by state agencies and to provide employment skills for inmates. Under this argument, the state could either eliminate recycling fund support for the program or use general purpose revenues for these

activities (\$386,300 GPR in 2001-02 and \$387,200 GPR in 2002-03 and 4.0 GPR positions annually).

68. In addition to the increased funding and position authority recommended by the Governor, under the bill Corrections has resources of \$240,500 SEG in 2001-02 and \$241,600 SEG in 2002-03 for computer recycling. These costs are related to base-level supplies and services and permanent property costs, and standard budget adjustments and rent costs in the Department. If the provisions of SB 55 are not adopted and additional GPR is not provided, these resources should also be deleted. In addition, the SEG appropriation in Corrections related to computer recycling could be repealed.

G. University of Wisconsin System

69. The bill would delete \$204,900 SEG annually and 0.5 SEG position from the recycling fund to the UW System for solid waste experiment centers and grants made by the Solid Waste Research Council. Of this amount, \$36,300 supports the cost of a 0.5 program manager position associated with the University's two solid waste experiment centers which were established in 1989 to develop, demonstrate, promote and assess the costs and environmental effects of alternatives to solid waste disposal. The remaining funds are used for grants for research relating to: (a) alternatives to solid waste disposal, including the reuse and recycling of materials, composting, source separation and the disposal of household hazardous waste; and (b) development of products made from recycled materials and markets for those products. Grant recipients are recommended by the Solid Waste Research Council, which was created in 1989 Act 31 to advise the UW System regarding the awarding of the grant funds. For 2000-01, 16 recipients were awarded a total of \$168,400.

70. One could argue that, since neither the solid waste experiment centers nor the research projects are related exclusively to recycling issues, they should not be supported from the recycling fund. However, current law requires the Board of Regents to conduct research into alternatives to solid waste disposal and the safe disposal of solid waste that cannot be composted or recycled. The Board is also required to appoint a Solid Waste Research Council to advise the Board on the awarding of the research funds. While these activities were funded with GPR monies prior to 1997-98, a provision in 1997 Act 27 converted the funding from GPR to the segregated recycling fund.

71. The administration submitted a budget errata report that indicated the intent to eliminate these statutory requirements along with the associated funding. If the Committee approves the Governor's recommendation to delete use of the recycling fund for these activities, it could choose to also eliminate these statutory requirements. It could also delete the statutory requirements that: (a) the Council on Recycling, an advisory group attached to DNR that promotes and advises on the implementation of state programs related to solid waste reduction, recovery and recycling, advise the University of Wisconsin concerning research related to solid waste reduction, recovery and recycling; and (b) the DNR coordinate research and technical assistance programs

with related activities of the University of Wisconsin System.

72. Alternatively, the Committee could choose to retain the current statutory requirements and the Board of Regents would need to reallocate base funding to carry out these responsibilities.

H. University of Wisconsin - Extension

73. The bill would delete \$336,900 SEG and 4.0 SEG positions annually from the recycling fund for the UW-Extension Solid and Hazardous Waste Education Center (SHWEC). The Center, with branches at UW-Madison, UW-Stevens Point, UW-Green Bay and UW-Milwaukee, was created in 1989.

74. Positions within UW-Extension are authorized to provide statewide information on hazardous pollution prevention and to provide educational and technical assistance related to recycling and recycling market development. The Center also provides information on waste reduction; produces written materials, educational teleconference network programs, satellite conferences and video productions; and offers technical assistance to local governments and businesses on recycling, hazardous waste management, pollution prevention, source reduction and other cost effective waste reduction programs. Workshops offered through the recycling program at SHWEC have included information on community recycling programs, composting, materials recovery facilities, community and industrial waste reduction and sector specific programs.

75. SHWEC, as a non-regulatory agency, provides this on-site technical assistance free of charge to communities and small businesses that wish to improve resource conservation and regulatory compliance. Although the SHWEC staff do not work in a regulatory capacity, they are familiar with state and federal laws and regulations, and are consulted as experts in the field. The technical expertise provided by SHWEC staff eliminates the need for private consultants, whose services are often difficult to secure due to their small numbers, and who most small businesses may be reluctant to hire, due to their prohibitive cost. Additionally, according to SHWEC staff, many small businesses that contact SHWEC would be reluctant to contact DNR with similar questions regarding compliance, because the businesses are wary of being found to be in violation of laws and regulations. Small business owners are more forthcoming with their questions when dealing with SHWEC than they might be when contacting DNR. SHWEC staff assert that the relationships they have built with businesses and local governments lead to improved understanding and greater compliance overall with a complex set of laws and regulations.

76. To carry out its programs, SHWEC receives funding from various sources. The four recycling fund staff include a recycling market specialist at UW-Green Bay, a commercial/industrial recycling waste reduction specialist at UW-Stevens Point, a recycling markets and source reduction specialist at UW-Madison and a program assistant. The UW-Extension provided SHWEC with approximately \$58,500 GPR and \$15,900 PR in 2000-01 which funds 1.0 position for a waste reduction and management specialist at UW-Milwaukee. SHWEC was provided \$324,100 from the

segregated recycling fund in 2000-01, as well as \$325,000 from various grants, contracts and other revenue sources. UW staff indicate that it is possible that some federal funding that requires state matching funds would also be reduced if the recycling fund monies were eliminated. The University would attempt to continue operating the Centers even without funding from the recycling fund, but staff indicate that the loss of this funding would result in reduced staff and services.

77. It could be argued that, given the limited amount of state funds that are available for the recycling activities, financial assistance to local governments should be a priority. On the other hand, the educational and technical assistance provided by SHWEC can be viewed as an important component of a statewide recycling program.

78. The Board of Regents is statutorily required to establish in the UW-Extension a program of education and technical assistance related to recycling market development. The administration submitted a budget errata report that indicated the intent to eliminate this statutory requirement along with the associated funding. If the Committee approves the Governor's recommendation to delete use of the recycling fund for these activities, it could eliminate this statutory requirement. Further, the current statutory requirements could be deleted that require: (a) the Council on Recycling to advise the University of Wisconsin concerning educational efforts related to solid waste reduction, recovery and recycling; and (b) the DNR to coordinate education programs with related activities of the University of Wisconsin System.

I. Department of Revenue

79. The Department of Revenue administers the surcharge under provisions governing administration of the individual and corporate income and franchise taxes, including provisions relating to audits and assessments, claims for refund, statutes of limitations, IRS adjustments, confidentiality, appeals, collections and setoffs.

80. SB 55 would continue to provide base funding for 1.5 SEG positions annually to administer the recycling surcharge. If the surcharge is continued, the Department of Revenue would continue to need the positions. If the recycling surcharge is eliminated, the positions would no longer be needed.

ALTERNATIVES

Approval of any alternative or combination of alternatives that results in a net expenditure of more than \$1,400,000 in excess of the expenditure levels provided in SB 55 would require provision of additional revenue.

A. DNR Municipal and County Recycling Grants (Change to Base)

1. Approve one of the following funding levels for municipal and county recycling grants during 2001-03:

a. Approve the Governor's request to provide \$14,000,000 SEG in 2001-02 (calendar year 2002) and \$13,500,000 SEG in 2002-03 (calendar year 2003). This would reduce base funding from \$24,500,000 in 2000-01 by \$10,500,000 SEG in 2001-02 and by \$11,000,000 SEG in 2002-03.

<u>Alternative A1a</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	- \$21,500,000
[Change to Bill]	\$0

b. Provide \$20,000,000 SEG annually. This would be a decrease of \$4,500,000 annually from base funding. It would be an increase to the bill of \$6,000,000 in 2001-02 and by \$6,500,000 in 2002-03.

<u>Alternative A1b</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	- \$9,000,000
[Change to Bill]	\$12,500,000

c. Maintain current law grant levels of \$24,500,000 annually. (No action necessary.)

<u>Alternative A1c</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill]	\$21,500,000

2. Approve one of the following regarding information to be submitted to DNR by local governments seeking financial assistance under the municipal and county recycling grant program:

a. Approve the Governor's recommendation to require that responsible units of local government submit an application on forms provided by DNR and delete the requirement that an application provide the following information: (1) documentation that the financial assistance will result in the responsible unit maintaining an effective recycling program that meets statutory criteria (the bill would maintain the requirement that the responsible unit operate an effective recycling program); (2) a financial report on the activities that have been or are likely to be funded by the grant in the preceding grant period, including a statement of whether any portion of that preceding grant was or is likely to be spent on activities not related to the requirements of the municipal and county recycling grant program; (3) information on financial incentives that

the responsible unit is using or plans to use to encourage reduction of the amount of solid waste generated or disposed of in the region; and (4) information concerning user fees used or proposed to be used to finance costs of the recycling program and, if no user fees are used, an explanation of why they are not used.

b. Maintain current law. (No action necessary.)

3. Approve one or more of the following changes related to the grant formula and distribution of municipal and local recycling grants:

a. Change the formula for distribution of municipal and local grants so that the appropriation is awarded to responsible units of local government with effective recycling programs on a per capita basis. Specify that a responsible unit may not receive a grant of more than its net eligible recycling costs. Retain the current law late application penalty provisions. (The responsible unit receives 95% of the grant amount if it submits its grant application after the October 1 deadline and no later than October 10, 90% of the grant amount if it submits its application after October 10, but no later than October 20, 75% of the grant amount if it submits its grant application after October 20, but no later than October 30, and no grant if it submits its application after October 30.)

b. Change the formula for distribution of municipal and local grants so that the appropriation is awarded to responsible units of local government with effective recycling programs on a per capita basis. Direct DNR to promulgate administrative rules that provide an adjusted per capita grant to responsible units that are required to have curbside collection of recyclable materials. Specify that a responsible unit may not receive a grant of more than its net eligible recycling costs. Retain the current law late application penalty provisions.

c. Direct DNR to reduce the grant amount of a responsible unit that is determined to be noncompliant with effective program criteria by at least 10% in the following grant year. Direct DNR to promulgate administrative rules to implement penalty provisions.

d. Maintain current law. (No action necessary. Responsible units of local government would continue to receive the same percentage of the grant appropriation as the responsible unit received or would have received of the 1999 appropriation, as capped by the projected net eligible recycling costs for each responsible unit, and reduced by any late application penalty.)

B. DNR Administration (Change to Base)

1. Approve one of the following related to recycling staff in the DNR Air and Waste Division waste management program:

a. Approve the Governor's recommendation to delete \$480,300 SEG in 2001-02 and \$476,400 SEG in 2002-03 and 7.0 SEG positions annually. (The waste management program would retain \$414,500 SEG in 2001-02 and \$400,900 SEG in 2002-03 with 5.0 SEG positions.)

Alternative B1a	SEG
2001-03 FUNDING (Change to Base)	- \$956,700
[Change to Bill]	\$0
2002-03 POSITIONS (Change to Base)	- 7.00
[Change to Bill]	0.00

GOP b. Instead of approving the Governor's recommendation, delete \$247,000 SEG in 2001-02 and \$245,000 SEG and 3.6 SEG positions. (The waste management program would retain \$647,800 SEG in 2001-02 and \$632,300 SEG in 2002-03 with 8.4 SEG positions.)

Alternative B1b	SEG
2001-03 FUNDING (Change to Base)	- \$492,000
[Change to Bill]	\$464,700
2002-03 POSITIONS (Change to Base)	- 3.60
[Change to Bill]	3.40

Dem c. Maintain current law. (No action necessary. The waste management program would maintain \$894,800 SEG in 2001-02 and \$877,300 SEG in 2002-03 with 12.0 SEG positions.)

Alternative B1c	SEG
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill]	\$956,700
2002-03 POSITIONS (Change to Base)	0.00
[Change to Bill]	7.00

2. Approve one of the following related to recycling staff in the DNR Administration and Technology Division program:

GOP a. Approve the Governor's recommendation to delete \$87,300 SEG annually and 1.0 SEG position annually. (The Administration and Technology Division would retain \$117,800 SEG annually for departmental rent and facilities costs and \$24,800 annually for operations in DNR service centers and administrative facilities throughout the state.)

Alternative B2a	SEG
2001-03 FUNDING (Change to Base)	- \$174,600
[Change to Bill]	\$0
2002-03 POSITIONS (Change to Base)	- 1.00
[Change to Bill]	0.00

Gov b. Approve Alternative B.2.a. and in addition, delete the requirement that DNR annually audit at least 5% of the recipients of municipal and county recycling grants.

<u>Alternative B2b</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	- \$174,600
[Change to Bill]	\$0]
2002-03 POSITIONS (Change to Base)	- 1.00
[Change to Bill]	0.00]

Dem c. Maintain current law and in addition, modify the audit requirement to require that DNR annually audit grants totaling at least 5% of the total municipal and county recycling grant awards.

<u>Alternative B2c</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill]	\$174,600]
2002-03 POSITIONS (Change to Base)	0.00
[Change to Bill]	1.00]

d. Maintain current law. (No action necessary.)

<u>Alternative B2d</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill]	\$174,600]
2002-03 POSITIONS (Change to Base)	0.00
[Change to Bill]	1.00]

3. Approve one of the following related to recycling staff in the DNR cooperative environmental assistance program in the Customer Assistance and External Relations Division:

Gov a. Approve the Governor's recommendation to delete \$96,600 SEG annually and 1.0 SEG position to eliminate use of the recycling fund for business sector assistance. (Under the bill, funding for this position is shifted to air emissions fees.)

<u>Alternative B3a</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	- \$193,200
[Change to Bill]	\$0]
2002-03 POSITIONS (Change to Base)	- 1.00
[Change to Bill]	0.00]

Dem b. Maintain current law. (No action necessary.)

Alternative B3b	SEG
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill]	\$193,200
2002-03 POSITIONS (Change to Base)	0.00
[Change to Bill]	1.00

4. Approve one of the following related to recycling staff in the DNR communication and education program in the Customer Assistance and External Relations Division:

a. Approve the Governor's recommendation to delete \$190,100 SEG annually and 1.0 SEG position to eliminate use of the recycling fund for recycling informational and education functions.

Alternative B4a	SEG
2001-03 FUNDING (Change to Base)	-\$380,200
[Change to Bill]	\$0
2002-03 POSITIONS (Change to Base)	- 1.00
[Change to Bill]	0.00

b. Approve Alternative B.4.a. and in addition, delete the statutory requirements that DNR collect, prepare and disseminate information and conduct educational and training programs designed to assist in the implementation of recycling programs and that are targeted to a statewide audience.

Alternative B4b	SEG
2001-03 FUNDING (Change to Base)	-\$380,200
[Change to Bill]	\$0
2002-03 POSITIONS (Change to Base)	- 1.00
[Change to Bill]	0.00

c. Maintain current law. (No action necessary.)

Alternative B4c	SEG
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill]	\$380,200
2002-03 POSITIONS (Change to Base)	0.00
[Change to Bill]	1.00

5. Approve one of the following related to recycling staff in the DNR community financial assistance program in the Customer Assistance and External Relations Division:

60P a. Approve the Governor's recommendation to delete \$77,000 SEG annually and 1.0 SEG position for administration of recycling grant programs. (This would retain \$77,100 SEG annually with 1.0 SEG position to administer recycling grant programs.)

<u>Alternative B5a</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	- \$154,000
[Change to Bill]	\$0]
2002-03 POSITIONS (Change to Base)	- 1.00
[Change to Bill]	0.00]

Dem b. Maintain current law. (No action necessary.)

<u>Alternative B5b</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill]	\$154,000]
2002-03 POSITIONS (Change to Base)	0.00
[Change to Bill]	1.00]

C. DNR Regional Recycling Grants (Change to Base)

Dem 1. Approve the Governor's recommendation to provide \$2,000,000 beginning in 2002-03 from the recycling fund for a new regional recycling grant program that includes the following requirements: (a) DNR would be required to provide grants to groups of local governments, on a competitive basis, to assist the groups to establish regional recycling programs; (b) DNR would be required to select grant recipients based on the potential for reducing the costs of operating local recycling programs; (c) the grant amount could not exceed twice the amount contributed by the grant recipient, meaning that for every \$2 grant, the recipient would be required to contribute at least \$1; (d) no group of local governments could receive more than one grant under the program; (e) a grant could be used for (1) planning, (2) acquiring a regional recycling processing facility and equipment for such a facility, and (3) developing a regional collection system; (f) DNR would be required to promulgate administrative rules for administration of the grant program; and (g) DNR would be authorized to promulgate administrative rules, without the finding of an emergency, for administration of the program.

<u>Alternative C1</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	\$2,000,000
[Change to Bill]	\$0]

2. Delete the Governor's recommendation to create a regional recycling grant program and instead add the \$2,000,000 in 2002-03 provided in the bill for the program to the existing municipal and county recycling grant program.

Alternative C2	SEG
2001-03 FUNDING (Change to Base)	\$2,000,000
[Change to Bill]	\$0

60P 3. Maintain current law. (No action necessary.)

Alternative C3	SEG
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill]	-\$2,000,000

D. DNR Waste Reduction and Recycling Demonstration Grants (Change to Base)

Dev 1. Approve the Governor's recommendation to maintain base funding of \$500,000 annually for the waste reduction and recycling demonstration grant program. (No action necessary.)

60P 2. Decrease funding for the waste reduction and recycling demonstration grant program from \$500,000 to \$250,000 annually.

Alternative D2	SEG
2001-03 FUNDING (Change to Base)	-\$500,000
[Change to Bill]	-\$500,000

3. Eliminate the waste reduction and recycling demonstration grant program.

Alternative D3	SEG
2001-03 FUNDING (Change to Base)	-\$1,000,000
[Change to Bill]	-\$1,000,000

E. Recycling Market Development Board (Change to Base)

Dev 1. Approve the Governor's recommendation to maintain base funding for the RMDB of \$130,100 SEG and 2.0 SEG positions annually. (No action necessary.)

2. Delete \$64,300 SEG annually and 1.0 SEG position from the recycling fund to reduce RMDB staff from two to one.

Alternative E2	SEG
2001-03 FUNDING (Change to Base)	- \$128,600
[Change to Bill]	- \$128,600]
2002-03 POSITIONS (Change to Base)	- 1.00
[Change to Bill]	- 1.00]

3.00 3. Approve Alternative E1 or E2 and in addition, delete \$300,000 PR annually to reestimate the financial assistance PR appropriation to reflect anticipated loan repayment revenues.

Alternative E3	PR
2001-03 FUNDING (Change to Base)	- \$600,000
[Change to Bill]	- \$600,000]

4. Approve Alternative E1, E2 or E3 and in addition, delete the statutory requirements that the RMDB provide: (a) \$50,000 grant annually to a private, nonprofit organization that provides waste reduction and recycling assistance through business-to-business peer exchange; and (b) an annual contract to the statewide materials exchange program that received funding from the RMDB in the 1997-99 biennium.

F. Department of Corrections (Change to Bill)

3.00/Am 1. Approve the Governor's recommendation to provide \$145,800 SEG in 2001-02 and \$145,600 SEG in 2002-03 and 4.0 SEG positions annually for the computer recycling program in the Department of Corrections. (No action necessary.)

2. Delete the Governor's recommendation. Instead, provide \$386,300 GPR in 2001-02 and \$387,200 GPR in 2002-03 and 4.0 GPR positions annually and delete \$240,500 SEG in 2001-02 and \$241,600 SEG in 2002-03 for the computer recycling program.

Alternative F2	GPR	SEG	TOTAL
2001-03 FUNDING (Change to Bill)	\$773,500	- \$773,500	\$0
2002-03 POSITIONS (Change to Bill)	4.00	- 4.00	0.00

3. Delete the Governor's recommendation and, in addition, remove \$240,500 SEG in 2001-02 and \$241,600 SEG in 2002-03 associated with base-level supplies, permanent property and rent costs in the Department. Repeal the SEG appropriation in Corrections related to computer recycling.

<u>Alternative F3</u>	<u>SEG</u>
2001-03 FUNDING (Change to Bill)	\$773,500
2002-03 POSITIONS (Change to Bill)	- 4.00

G. University of Wisconsin System (Change To Bill)

1. Approve the Governor's recommendation to delete \$204,900 SEG annually and 0.5 positions, funded by the recycling fund, for the UW System solid waste experiment centers and grants made by the Solid Waste Research Council. (No action necessary.)

CoP 2. Approve the Governor's recommendation as modified by the administration to delete statutory requirements that the UW Board of Regents conduct research into alternatives to solid waste disposal and the safe disposal of solid waste that cannot be composted or recycled, and that the Board appoint a Solid Waste Research Council to advise the Board on the awarding of the research funds. In addition: (a) delete the requirement that the Council on Recycling advise the University of Wisconsin concerning research related to solid waste reduction, recovery and recycling; and (b) delete the requirement that the DNR coordinate research and technical assistance programs with related activities of the University of Wisconsin System.

Dem 3. Maintain current law.

<u>Alternative G3</u>	<u>SEG</u>
2001-03 FUNDING (Change to Bill)	\$409,800
2002-03 POSITIONS (Change to Bill)	0.50

H. University of Wisconsin - Extension (Change to Bill)

1. Approve the Governor's recommendation to delete \$336,900 and 4.0 positions annually from the recycling fund for the UW-Extension SHWEC. (No action necessary.)

2. Approve the Governor's recommendation as modified by the administration to delete statutory requirement that the Board of Regents establish in the UW-Extension a program of education and technical assistance related to recycling market development. In addition: (a) delete the requirement that the Council on Recycling advise the University of Wisconsin concerning educational efforts related to solid waste reduction, recovery and recycling; and (b) delete the requirement that the DNR coordinate education programs with related activities of the University of Wisconsin System.

Jew 3. Maintain current law.

Alternative H3	SEG
2001-03 FUNDING (Change to Bill)	\$673,800
2002-03 POSITIONS (Change to Bill)	4.00

I. Department of Revenue (Change to Bill)

1. Approve the Governor's recommendation to maintain adjusted base funding of \$258,800 SEG and 1.5 SEG positions annually from the recycling fund to administer the recycling surcharge. (No action necessary.)

2. If the recycling surcharge is deleted, delete \$258,800 SEG and 1.5 SEG positions annually from the recycling fund to reflect deletion of administration of a recycling surcharge.

Alternative I2	SEG
1999-01 FUNDING (Change to Bill)	- \$517,600
2000-01 POSITIONS (Change to Bill)	- 1.50

MO# A-1a

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS _____

MO# A-3c

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS _____

MO# B-1(b)

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS _____

MO# 2a, 3a, 4a, 5a

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS

MO# C-1

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS

MO# 0-3

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS

MO# 0-2, 3, 4, 6

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

MO# 6-2

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS

MO# 4-3

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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ASSEMBLY CHAIR
JOHN GARD

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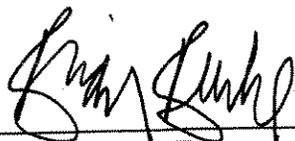
JOINT COMMITTEE ON FINANCE

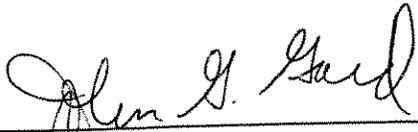
*** EXECUTIVE SESSION ***

TUESDAY, JUNE 5, 2001 (Beginning at 10:00 a.m.)

The Joint Committee on Finance will meet in Executive Session on the 2001-03 biennial budget. The meeting will be held in Room 411 South, State Capitol. The Executive Session will be held on the budgets of the following agencies:

- Department of Administration -- Office of Justice Assistance
- Wisconsin Health and Educational Facilities Authority
- Board on Aging and Long-Term Care
- Department of Health and Family Services -- Family Care and Other Community-Based Long-Term Care Programs
- General Provisions [limited to the following items: (1) Register of Deeds Fees for Certifying Copies; (2) Bifurcated Sentencing Structure Modifications; (3) Statute of Limitation in Sexual Assault Cases; (4) Club Drug Penalties; (5) Crimes Related to Computers, Obscenity, Nudity and Pornography; (6) Theft of Rented or Leased Motor Vehicle; (7) Prisoner Litigation Definition of Correctional Institution; and (8) Regulation of Cemeteries]
- Department of Natural Resources -- Air, Waste and Contaminated Lands [limited to Solid and Hazardous Waste Staff]
- Department of Natural Resources -- Departmentwide
- Wisconsin Advanced Telecommunications Foundation
- Base Budget Reductions
- Budget Management and Compensation Reserves
- Department of Revenue -- Tax Administration
- General Fund Taxes -- Individual and Corporate Income Taxes
- General Fund Taxes -- General Sales and Use Tax
- General Fund Taxes -- Public Utility Taxes
- General Fund Taxes -- Excise Taxes and Regulation of Alcohol and Tobacco
- General Fund Taxes -- Other Items
- Tobacco Settlement Securitization


BRIAN BURKE
Senate Chair


JOHN GARD
Assembly Chair

NATURAL RESOURCES -- AIR, WASTE AND CONTAMINATED LAND

Municipal and County Recycling Grant Formula

Motion:

Move to change the formula for distribution of municipal and local grants so that the appropriation is awarded to responsible units of local government with effective recycling programs on a per capita basis. Direct that the grants would not be capped at net eligible costs. Direct DNR to promulgate administrative rules that provide an adjusted per capita grant to responsible units that are required to have curbside collection of recyclable materials. Delete the current late application penalty provisions.

Note:

Currently, for grant years 2000 and after, responsible units of local government are eligible for a municipal and county recycling grant equal to the same percentage of total grant funds that each responsible unit received in 1999. Each responsible unit's grant is capped at the current year's net eligible recycling costs. Net eligible costs include expenses, including capital expenses, anticipated to be incurred for planning, constructing or operating an effective recycling program, which includes complying with the 1995 landfill and incineration bans, and for complying with the 1993 prohibition of disposing of yard waste in a landfill or incinerator.

Current law late application penalty provisions require that the responsible unit receives 95% of the grant amount if it submits its grant application after the October 1 deadline and no later than October 10, 90% of the grant amount if it submits its application after October 10, but no later than October 20, 75% of the grant amount if it submits its grant application after October 20, but no later than October 30, and no grant if it submits its application after October 30.

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE _____ NO _____ ABS _____

PAPER #698 - Recycling Revenues

Alternative - (Decker Motion)

Summary: Again, these two issues should be part of the Decker package. On the surcharge, I suppose anything is fine except eliminating it. For tipping fees, the higher the better as far as I'm concerned. If it is set high enough, then grants to municipalities will increase and cover the higher dumping charges.

Barb doesn't like people to mention that high tipping fees deter out-of-state waste dumping (for commerce clause challenge reasons). She says WM and Superior use comments in newspaper articles in court.

By: Barry

Dem/ GOP: A-4

Dem/ GOP B-4



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 4, 2001

Joint Committee on Finance

Paper #698

Recycling -- Revenues (DNR -- Air, Waste and Contaminated Land and General Fund Taxes -- Individual and Corporate Income Taxes)

[LFB 1999-01 Budget Summary: Page 39, #20]

CURRENT LAW

State recycling programs are funded from the segregated recycling fund. The temporary recycling surcharge was imposed on most businesses since 1991 and expired in April, 1999. It was recreated in 1999 Act 9 effective with tax year 2000. 1999 Act 9 also created a recycling tipping fee of \$0.30 per ton of solid waste, excluding high-volume industrial waste, disposed of in Wisconsin landfills on or after January 1, 2000.

GOVERNOR

Require noncorporate farms to pay the same recycling surcharge as other noncorporate businesses [sole proprietorships, partnerships, limited liability companies (LLCs) taxable as partnerships and S corporations]. Under this provision, noncorporate farms with less than \$4,000,000 in gross receipts would be excluded from paying the surcharge. Noncorporate farms with gross receipts of more than \$4,000,000 would pay 0.2% of net business income, subject to a minimum payment of \$25 and a maximum payment of \$9,800. This provision would first apply to tax years beginning on January 1, 2001, and is estimated to have a minimal fiscal effect.

DISCUSSION POINTS

1. This paper describes several potential revenue sources that could be used to supplement the recycling fund balance if recycling programs are funded above the levels provided in SB 55.

A. Revenues From a Recycling Surcharge

2. The temporary state recycling surcharge was first imposed on businesses for tax years ending after April 1, 1992 and it remained in effect until April, 1999. From tax year 1991 until tax year 1997, the surcharge was equal to 5.5% of the gross tax liability of corporations. For tax year 1998, the surcharge rate was reduced to 2.75% of the gross tax liability of corporations. There was a minimum payment of \$25 and a maximum payment of \$9,800. Corporations (including S corporations) with less than \$4,000 in total receipts were excluded from the recycling surcharge.

3. Nonfarm sole proprietorships, partnerships, LLCs and S corporations were also subject to a recycling surcharge of 0.4345% of net business income from tax year 1991 to tax year 1997. The rate was reduced to 0.2173% for tax year 1998. The minimum payment was \$25 and the maximum was \$9,800. Members of the clergy and noncorporate farms with less than \$1,000 of net farm profits were also exempt from the surcharge. Noncorporate farms that were subject to the surcharge paid a flat amount of \$25. The rates of 0.4345% and then 0.2173% applied to the net business income of sole proprietorships, partnerships, S corporations and LLCs taxed as partnerships were equivalent to the 5.5% and 2.75% rates, respectively, that applied to the gross tax liability of corporations. For corporations, gross tax liability is determined by applying the corporate tax rate of 7.9% to net income. When the corporate tax rate of 7.9% is multiplied by the surcharge rates of 5.5% and 2.75%, the resulting tax rates are 0.4345% and 0.2173%, respectively.

4. As noted, the temporary recycling surcharge was eliminated for all businesses beginning with tax years ending after April, 1999. Consequently, taxpayers were generally not subject to the recycling surcharge for tax year 1999. However, the 1999-01 biennial budget (1999 Wisconsin Act 9) created a recycling surcharge on businesses, beginning in tax year 2000. Under the provisions of Act 9, the recycling surcharge is 3% of gross tax liability for corporations or 0.2% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxable as partnerships and S corporations. There is a minimum payment of \$25 and a maximum payment of \$9,800. Nonfarm businesses with less than \$4,000,000 in gross receipts are excluded from paying the surcharge. In addition, farms with gross receipts in excess of \$1,000,000 pay the \$25 minimum payment.

5. The bill would modify current law to exclude noncorporate farms with less than \$4,000,000 in gross receipts from paying the recycling surcharge and impose it on those noncorporate farms with gross receipts in excess of the \$4,000,000 threshold, subject to the current minimum and maximum payments. This would provide noncorporate farms with the same treatment as other noncorporate businesses, such as sole proprietorships and partnerships. It is estimated that this would have a minimal fiscal effect.

6. Table 1 shows annual recycling surcharge collections from 1991-92 through 2002-03. In reviewing the table a number factors should be considered. The Department of Revenue (DOR) has estimated annual base level recycling surcharge collections to be \$15.4 million. However, those base level estimated collections have been reduced to \$14.34 million in 2001-02 and \$14.36 million in 2002-03 to reflect lower corporate income and franchise collections included in state general fund revenue estimates released by this office in May, 2001. Recycling surcharge

estimates for 2000-01 and 2001-02 have been further adjusted to reflect actual 2000-01 surcharge collections and a number of transactions that have been or will be made by DOR. Through April, 2001, a total of \$4.5 million had been collected. It is estimated that total actual collections for 2000-01 will be \$5.2 million. In addition, on May 24, DOR transferred \$14.6 million from the general fund to the recycling fund. This included \$11.7 million for estimated recycling surcharge payments received during calendar year 2000 and \$2.9 million in estimated surcharge payments received in the first quarter of calendar year 2001. There will be an additional transfer in June, 2001, of \$3.0 million for estimated recycling surcharge payments for the second quarter of calendar year 2001. In effect, this represents 18 months of estimated payments being transferred in fiscal year 2000-01. As a result, there would be an estimated total of \$22.8 million in recycling surcharge revenues in 2000-01. The Department indicates that it will reverse the \$11.7 million transfer for calendar year 2000 recycling surcharge payments in October, 2001. In addition, DOR will transfer recycling surcharge quarterly estimated payments of \$2.9 million in September and again in December, 2001. These transfers will be reversed in May and October of 2002. As a result, total transfer reversals in fiscal year 2001-02 would include \$11.7 million for calendar year 2000 estimated surcharge payments and \$5.9 million for estimated payments for the first half of calendar year 2001. In effect, this would reverse the transfer of 18 months of estimated payments. As a result, actual recycling surcharge collections would be offset by the \$5.9 million transfer reversal. As noted, actual total recycling surcharge collections for 2001-02 were \$4.5 million through April, 2001. Actual amounts for the recycling surcharge which was reimposed beginning with tax year 2000 will not be known until after September, 2001.

TABLE 1

**Recycling Surcharge Collections
(\$ in Millions)**

1991-92	\$32.1
1992-93	36.8
1993-94	47.6*
1994-95	40.6
1995-96	41.6
1996-97	51.5
1997-98	53.6
1998-99	35.8
1999-00	9.6
2000-01**	22.8+
2001-02**	7.3+
2002-03	14.4+

*Includes one-time collections of an estimated \$7.9 million due to estimated payments.

**Collections for 2000-01 include an \$11.7 million transfer from the general fund for tax year 2000 corporate estimated payments and a \$5.9 million transfer for tax year 2001 corporate estimated payments. Collections for 2001-02 reflect a reverse transfer of \$11.7 million for tax year 2000 estimated payments and \$5.9 million for calendar year 2001 estimated payments.

+ Estimates

7. The temporary recycling surcharge was the result of a relatively long and deliberative legislative process. Alternative state funding sources for state recycling programs were reviewed and analyzed by the Subcommittee for Resource Recovery of the Legislative Council's Special Committee on Solid Waste Management that began meeting in August, 1988. As a result of its activities, the Committee recommended legislation that would establish state recycling programs and a throwaway container fee as a source of state funding for those programs. This legislation was included in 1989 Senate Bill 300, which was introduced in October, 1989. Senate Bill 300 was amended by the Senate Committee on Urban Affairs, Environmental Resources, Utilities and Elections, the Joint Committee on Finance and the Senate and Assembly before being enacted as 1989 Wisconsin Act 335. The Governor partially vetoed portions of Act 335 that established a gross receipts recycling fee as a funding source. In his veto message, the Governor announced his intention to include an alternative funding mechanism for state recycling programs in the 1991-93 biennial budget.

8. In 1991-93 Assembly Bill 91 (the 1991-93 biennial budget bill), the Governor proposed three alternative funding sources for state-supported recycling programs: a gross receipts fee, a residential energy fee and a used tire fee. The Joint Committee on Finance deleted these fees and adopted a surcharge mechanism. The surcharge mechanism was modified in the Assembly and was adopted as part of 1991 Wisconsin Act 39 (the 1991-93 biennial budget act). The Governor partially vetoed a provision that established a method for setting annual surcharge rates; however, it was restored by 1991 Wisconsin Act 60. The rate setting process, method of payment and exclusion amount were further modified by 1993 Wisconsin Act 16 (the 1993-95 biennial budget act).

9. As passed by the Legislature, the 1999-01 biennial budget included provisions that would have reimposed a recycling surcharge on businesses beginning with tax year 2000. Under the bill, businesses (including farms) with \$1 million or less in gross receipts would have been excluded from paying the recycling surcharge. Businesses with gross receipts in excess of \$1 million would have been subject to the surcharge based on the business' total net income or gross tax liability. The maximum payment would have been increased from \$9,800 to \$20,000, while the minimum payment would have remained at \$25. Farms with gross receipts in excess of \$1 million would have paid the \$25 minimum payment. The recycling surcharge rate would have been 3.3% of gross tax liability for corporations or 0.2607% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxable as partnerships and S corporations. The Governor item vetoed the provisions into the current recycling surcharge of 3% of gross tax liability or 0.2% of net business income.

10. The recycling surcharge was supported because it was broad-based, and in most cases, relatively low. The surcharge was viewed as a general means of imposing the costs associated with solid waste disposal on entities that generate solid waste. However, because the surcharge was based on the income of a business, the amount paid was not directly related to the amount of waste generated by the business. Further, since state recycling program funds focus on municipal and residential recycling, it is argued a business tax is not sufficiently linked to waste generation. In addition, the surcharge imposed a financial and administrative burden on many small businesses.

11. If the Committee wishes to change the proportion of revenue generated by the recycling surcharge for the state recycling fund, it could modify the surcharge rate or exclusion amounts. Tables 2 and 3 show estimated recycling surcharge collections at various surcharge rates or exclusion amounts.

TABLE 2
Estimated Recycling Surcharge Collections at Different Rates
(Millions)

Rate	2001-02		2002-03	
	Total Revenue	Change to Bill	Total Revenue	Change to Bill
2.0% (0.158%)	\$11.34	-\$3.00	\$11.35	-\$3.01
3.0% (0.2%)*	14.34	0.00	14.36	0.00
3.5% (0.2765%)	15.80	1.46	15.80	1.44
4.0% (0.316%)	17.09	2.75	17.11	2.75
4.5% (0.3555%)	18.30	3.96	18.33	3.97
5.0% (0.395%)	19.45	5.11	19.48	5.12

*Current law.

TABLE 3
Estimated Recycling Surcharge Collections With different Exclusion Amount
(Millions)

Exclusion	2001-02		2002-03	
	Total Revenue	Change to Bill	Total Revenue	Change to Bill
\$1 Million	\$18.65	\$4.31	\$18.67	\$4.31
\$2 Million	16.55	2.21	16.57	2.21
\$3 Million	15.24	0.90	15.26	0.90
\$4 Million*	14.34	0.00	14.36	0.00
\$5 Million	14.01	-0.33	14.02	-0.34

*Current law.

B. Revenues From State Tipping Fees

12. A tipping fee is a fee based on the amount of solid waste, usually measured in tons, disposed of by generators of waste at solid waste landfill facilities. Disposal tipping fees charged by landfill operators vary widely throughout the state. According to the Department of Natural Resources (DNR) in 1998, the disposal solid waste tipping fees in Wisconsin ranged from \$17 to

\$80 per ton and averaged approximately \$38 per ton.

13. In addition to the disposal tipping fees, Wisconsin assesses five state tipping fees on solid waste disposed of at landfills that are shown in Table 4. The fees total \$0.447 per ton for high-volume industrial waste and \$1.047 on other waste. High-volume industrial waste includes fly ash, bottom ash, paper mill sludge and foundry process waste. Other waste includes municipal solid waste, construction and demolition waste, industrial waste that is not classified as high-volume and other nonhazardous waste. Waste is exempt from state tipping fees if the landfill receives approval from DNR to use the waste for daily cover and then uses the waste for daily cover.

TABLE 4
State Landfill Tipping Fees

<u>Fee</u>	<u>Use of Fee</u>	<u>Amount Per Ton --</u>	
		<u>High-Volume Industrial Waste</u>	<u>Amount Per Ton - Other Waste</u>
Recycling	SEG Recycling Fund	\$0.00	\$0.30
Environmental Repair	SEG Environmental Fund	0.20	0.50
Groundwater	SEG Environmental Fund	0.10	0.10
Well Compensation	SEG Environmental Fund	0.04	0.04
Landfill License Surcharge	PR Solid waste management administration	0.09	0.09
Facility Siting	PR Solid Waste Facility Siting Board	<u>0.017</u>	<u>0.017</u>
Total		\$0.447	\$1.047

14. In 1999 Act 9, a recycling tipping fee was established totaling \$0.30 per ton for waste, other than high-volume industrial waste, that is disposed of in Wisconsin landfills on or after January 1, 2000. The fee is assessed quarterly according to the following schedule: (a) fees for waste disposed of from January 1 through March 31 are due May 1; (b) fees for waste disposed of from April 1 through June 30 are due August 1; (c) fees for waste disposed of from July 1 through September 30 are due November 1; and (d) fees for waste disposed of from October 1 through December 31 are due February 1.

15. In calendar year 2000, preliminary information reported to DNR by solid waste facilities indicates that approximately 8.6 million tons of solid waste were disposed of in Wisconsin that were subject to state tipping fees. This is shown in Table 5. Of the total amount of solid waste subject to fees, 5.7 million tons (two-thirds) were municipal solid waste, 1.8 million tons were high-volume industrial waste (21%) and the remaining 1.1 million tons were other nonhazardous waste (13%). An additional 1.4 million tons were exempt from fees because they were used for daily cover. Of the 8.6 million tons subject to state tipping fees, 6.8 million tons (79%) of municipal solid waste and other nonhazardous waste that is not high-volume waste were subject to the state recycling tipping fee. A study conducted for DNR by Franklin Associates using 1995 data indicates that approximately 45% of municipal solid waste is commercial waste, including business, institution, government and school sources. Out-of-state municipal solid waste represented 17% of

waste subject to state tipping fees. Thus, Wisconsin residential municipal solid waste represented perhaps 27% of 2000 tons subject to state tipping fees.

TABLE 5

Solid Waste Tons Landfilled in Wisconsin, 2000 (preliminary data)

	<u>Tons (Millions)</u>	<u>Tons (Millions)</u>
Wisconsin Residential (1)	2.3	
Wisconsin Commercial (1)	1.9	
Out-of-State	<u>1.5</u>	
Subtotal Municipal Solid Waste Subject to State Tipping Fees		5.7
High-Volume Industrial (2)	1.8	
Non-High Volume Industrial, Non-Municipal (3)	<u>1.1</u>	
Subtotal Non-Municipal Solid Waste Subject to State Tipping Fees		2.9
Total Tons Subject to State Tipping Fees		8.6
Tons Exempt from State Tipping Fees (4)		1.4
Total Tons Landfilled in Wisconsin, 2000		10.0

(1) Assumes that 45% of Wisconsin municipal solid waste is commercial and 55% is residential, based on a study by Franklin Associates of waste disposed of in Wisconsin in 1995.

(2) High-volume industrial waste includes fly ash, bottom ash, paper mill sludge and foundry process waste. It is not subject to the state recycling tipping fee but is subject to other state tipping fees.

(3) Waste that is not high-volume industrial or municipal includes construction and demolition waste, industrial waste that is not classified as high-volume, wastewater treatment plant sludge, energy recovery incinerator ash and all other non-hazardous waste.

(4) Waste is exempt from state tipping fees if the landfill receives approval from DNR to use the waste for daily cover and then uses the waste for daily cover.

16. The 1999-01 biennial budget bill enacted by the Legislature would have established a recycling tipping fee of \$2.00 per ton for solid waste other than high-volume industrial waste and \$0.30 per ton for high-volume industrial waste. In 1999 Act 9, Governor Thompson's partial veto reduced the new tipping fee for waste other than high-volume industrial waste to \$0.30 per ton and eliminated the new tipping fee for high-volume industrial waste. The Governor's veto message indicated that while his vetoes reduced the tipping fee to \$0.30 per ton, he would consider a fee level that is responsive to concerns about out-of-state waste.

17. It is difficult to predict what amount of waste will be disposed of in Wisconsin during the next few years. Based on general trends of the last few years, it is estimated that the total tons of solid waste subject to state tipping fees will increase from 8.6 million tons in 2000 to 8.7 million in 2001 and 8.9 million in 2002. Based on recent history it is estimated that the amount of municipal solid waste disposed of in the state (and generated inside or outside of the state) will

increase by approximately 5% annually, the amount of non-municipal solid waste that is not high-volume industrial would decrease approximately 5% annually and the amount of high-volume industrial waste would decrease approximately 4% annually.

18. Under current law, the \$0.30 per ton tipping fee will generate approximately \$2.04 million in revenue to the recycling fund in 2000-01 assessed on 6.8 million tons of non-high volume solid waste. In 2001-02, the current fee will generate an estimated \$2.1 million assessed on 7.0 million tons, and in 2002-03, the fee will generate an estimated \$2.16 million assessed on 7.2 million tons.

19. Some would argue that an increase in the state recycling tipping fee from the current \$0.30 per ton would be an appropriate method of generating revenues for state recycling programs because the fee would be directly linked to the amount of solid waste generated. This could provide a direct incentive to reduce the amount of waste generated and increase the amount of recycling. Further, producers of waste in other states (22% of waste disposed in 2000 that is subject to the fee) as well as in-state waste generators that utilize Wisconsin landfills would be subject to the tipping fees.

20. Others would argue that the current recycling tipping fee or an increase in the state tipping fee merely redistributes the costs of state recycling programs from nonresidential waste and generators of large quantities of solid waste to municipal and residential recycling programs. Further, it could result in some communities with lower cost recycling programs that generate relatively high quantities of solid waste paying more in tipping fee increases than they receive from the state in recycling grants.

21. Some would argue that an increase in the state tipping fee should be applied to all waste currently subject to the state tipping fees. Under this alternative, fees on nonresidential commercial and industrial waste would pay for a portion of state recycling programs, including the grants for local residential recycling programs. On the other hand, some would argue that high-volume industrial wastes should not be subject to increases in the state tipping fees. Generators of high-volume industrial wastes do not receive assistance from local or state residential recycling programs. In addition, quantities of high-volume industrial wastes such as paper mill sludge increase as production of paper from recycled paper increases.

22. As tipping fees increase, the amount of solid waste landfilled would be expected to decrease. There would be a corresponding decrease in the amount of revenue per cent or dollar of existing tipping fees or potential new tipping fees for recycling. While it may not be possible to precisely predict the impact of increasing amounts of tipping fees on the amount of solid waste, several factors could influence the amount of solid waste subject to the tipping fee. These include: (a) the amount of out-of-state waste disposed of in Wisconsin might decrease; (b) industries might increase the beneficial reuse of wastes, decreasing the number of tons subject to current and increased tipping fees; and (c) residential, commercial and industrial generators of solid waste might recycle more and dispose of less waste. The actual change in the number of tons would depend on how these factors impact the decisions of waste generators about the amount of waste they dispose of and where they dispose of it.

23. If the state tipping fee would be increased by \$1 on all solid waste currently subject to the recycling tipping fee, effective January 1, 2002, the fee would generate approximately \$7.1 million annually to fund recycling programs. A \$3 per ton fee increase on all waste currently subject to the recycling tipping fee may be expected to result in a reduction of approximately 5% in the number of landfilled tons, and generate additional revenues of \$19.5 million annually. A \$5 per ton tipping fee may result in a reduction of approximately 10% in the number of tons and generate \$29.2 million annually. However, due to the lack of specific data, the revenue impact of various tipping fee increases must be considered speculative.

24. If the recycling tipping fee is increased as a funding source for recycling programs and the number of tons of solid waste landfilled decreases, revenues to the environmental fund would decrease. This revenue shortfall could be offset by increasing the state tipping fees deposited in the environmental fund. For example, if the number of tons declines by 5% under a \$3 per ton tipping fee increase for recycling, environmental fund tipping fees would generate approximately \$470,000 less. This could be offset by increasing the environmental fund tipping fee for all solid waste by approximately 3¢ per ton.

25. If the recycling tipping fee is increased effective with waste disposed of on January 1, 2002, there would be one quarterly payment of revenue in 2001-02 and a full year in 2002-03.

C. General Purpose Revenues

26. Some have argued that state funding for recycling programs should be provided from the general fund because recycling activities benefit all of the citizens of the state. General purpose revenues (GPR) could either be transferred from the general fund to the recycling fund for recycling programs or could be directly appropriated for recycling activities.

27. Alternatively, it could be argued that funding for state and local recycling programs should continue to be funded from a combination of the recycling business surcharge, tipping fees on waste generators and local governments. Under this scenario, each funding source funds a portion of the costs of recycling programs in the state.

ALTERNATIVES

A. Recycling Surcharge [Change to Bill]

1. Approve the Governor's recommendation to require noncorporate farms to pay the same recycling surcharge as other noncorporate businesses [sole proprietorships, partnerships, limited liability companies taxable as partnerships and S corporations]. Under this provision, noncorporate farms with less than \$4,000,000 in gross receipts would be excluded from paying the surcharge. Noncorporate farms with gross receipts of more than \$4,000,000 would pay 0.2% of net business income, subject to a minimum payment of \$25 and a maximum payment of \$9,800. This provision would first apply to tax years beginning on January 1, 2001, and is estimated to have a minimal fiscal effect.

2. Adopt the Governor's recommendation and, in addition, modify the current recycling surcharge to change the current rate or exclusion amount beginning with tax year 2001 with one of the following options:

Rate	2001-02 (Millions)		2002-03 (Millions)	
	Total Revenue	Change to Bill	Total Revenue	Change to Bill
a. 2.0% (0.158%)	\$11.34	-\$3.00	\$11.35	-\$3.01
b. 3.5% (0.2765%)	15.80	1.46	15.80	1.44
c. 4.0% (0.316%)	17.09	2.75	17.11	2.75
d. 4.5% (0.3555%)	18.30	3.96	18.33	3.97
e. 5.0% (0.395%)	19.45	5.11	19.48	5.12

Exclusion	2001-02 (Millions)		2002-03 (Millions)	
	Total Revenue	Change to Bill	Total Revenue	Change to Bill
f. \$1 Million	\$18.65	\$4.31	\$18.67	\$4.31
g. \$2 Million	16.55	2.21	16.57	2.21
h. \$3 Million	15.24	0.90	15.26	0.90
i. \$5 Million	14.01	-0.33	14.02	-0.34

3. Eliminate the recycling surcharge.

Alternative A3	SEG
2001-03 REVENUE (Change to Bill)	-\$28,700,000

4. Maintain current law.

B. Recycling Tipping Fees [Change to Base]

1. Increase the current \$0.30 state recycling tipping fee on all solid waste currently subject to state recycling tipping fees and deposit the revenues in the recycling fund. (This would exclude high-volume industrial waste.) In addition, increase the current state tipping fee on all solid waste, other than high-volume industrial waste, that is deposited in the environmental fund to offset the amount by which environmental fund revenues could be expected to decrease as the number of tons landfilled decreases. Provide an increase of one of the following amounts of state tipping fees per ton, effective with waste landfilled on January 1, 2002.

	<u>Increase in Recycling Tipping Fee</u>	<u>Environmental Fund Additional Tipping Fee</u>	<u>Total Fee Increase</u>	<u>Recycling Revenues 2001-02</u>	<u>Recycling Revenues 2002-03</u>
a.	\$0.70	0¢	\$0.70	\$1,225,000	\$4,900,000
b.	1.70	1	1.71	2,950,000	11,800,000
c.	2.70	3	2.73	4,475,000	17,900,000
d.	3.70	4	3.74	5,875,000	23,500,000
e.	4.70	6	4.74	7,000,000	28,000,000
f.	5.70	7	5.77	8,300,000	33,200,000
g.	6.70	8	6.78	9,552,500	38,210,000
h.	7.70	9	7.79	10,732,500	42,930,000
i.	8.70	10	8.80	11,852,500	47,410,000
j.	9.70	10	9.80	12,912,500	51,650,000

2. Establish a state recycling tipping fee on high-volume industrial waste and deposit the revenues in the recycling fund. In addition, increase the current state tipping fee on high-volume industrial waste, that is deposited in the environmental fund to offset the amount by which environmental fund revenues could be expected to decrease as the number of tons landfilled decreases. Provide for one of the following state tipping fees per ton, effective with high-volume waste landfilled on January 1, 2002.

	<u>High-Volume Industrial Waste Recycling Tipping Fee</u>	<u>Environmental Fund Additional Tipping Fee</u>	<u>Total Fee Increase</u>	<u>Recycling Revenue 2001-02</u>	<u>Recycling Revenues 2002-03</u>
a.	\$0.30	0¢	\$0.30	\$127,500	\$510,000
b.	0.50	0	0.50	212,500	850,000
c.	1.00	0	1.00	420,000	1,680,000
d.	2.00	1	2.01	825,000	3,300,000
e.	3.00	2	3.02	1,212,500	4,850,000
f.	4.00	3	4.03	1,580,000	6,320,000
g.	5.00	4	5.04	1,912,500	7,650,000
h.	6.00	5	6.05	2,270,000	9,080,000

3. Eliminate the \$0.30 per ton recycling tipping fee.

<u>Alternative B3</u>	<u>SEG</u>
2001-03 REVENUE (Change to Base)	- \$3,735,000
[Change to Bill]	- \$3,735,000]

4. Maintain current law (\$0.30 per ton on non-high volume solid waste).

Prepared by: Kendra Bonderud and Ron Shanovich

MO# A-1

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE ___ NO ___ ABS ___

NATURAL RESOURCES -- AIR, WASTE AND CONTAMINATED LAND

Recycling - Pilot Program for Effective Program Compliance

Motion:

Move to direct DNR to administer a pilot program that would offer responsible units of local government an alternative method of complying with the effective recycling program requirement that a responsible unit's program require that the occupants of residential, commercial, retail, industrial and governmental facilities within the responsible unit separate the materials subject to the 1995 landfill bans, from postconsumer waste.

Require that the pilot program include the following requirements:

1. DNR would be required to promulgate administrative rules for the program, and would be authorized to promulgate administrative rules, without the finding of an emergency, for administration of the program.

2. DNR would be required to accept applications for the program from eligible applicants by October 1, 2002, for participation in the program for calendar year 2003.

3. Eligible applicants would include: (a) a responsible unit in existence on January 1, 2001, that is comprised of two or more local governments; (b) a county; or (c) two or more responsible units that were responsible units on January 1, 2001, and that submit an application for joint participation in the program.

4. DNR would be required to establish, in rules for the program: (a) goals for materials recycled as a percentage of solid waste generated in the geographic area served by the applicant, which participants in the pilot program would be required to work towards; and (b) a list of recyclable materials that could be collected for recycling by participants. The list of materials could include the materials currently subject to the 1995 landfill bans and other recyclable materials.

5. Applicants for the pilot program would be required to include the following information in their application: (a) a list of recyclable materials from the DNR list that the applicant would collect for recycling; (b) documentation of how the selected materials would meet the recycling percentage rate goal established in program rules; and (c) other information required by DNR.

6. DNR would be required to select up to 10 participants for the pilot program, giving highest priority to applicants that can demonstrate they will meet or exceed the recycling percentage rate goals. DNR would be required to select participants from various geographic areas of the state and of various population sizes.

7. All participants would be required to comply with the current landfill bans on waste tires, waste oil, lead acid batteries, major appliances or yard waste.

8. Each selected participant would be required to submit a report to DNR by April 1, 2004, that describes: (a) the recycling percentage rate obtained by the participant in 2003; (b) any cost or program efficiencies obtained as a result of collecting the selected materials instead of collecting the currently required materials subject to the landfill bans; (c) any cost or program efficiencies obtained as a result of more than one government working together; and (d) other information required by DNR.

9. Calendar year 2003 participants could renew their participation for 2004 if they submit an application and if DNR determines that the participant is meeting program requirements. DNR could select 10 additional participants for calendar year 2004, according to the same program criteria used for 2003. Participants for 2004 would be required to submit a report to DNR by April 1, 2005, that provides the same information required for 2003 participants in 2004. Calendar year 2003 and 2004 participants could renew their participation for 2005 if DNR determines that the participant is meeting program requirements. DNR would not be allowed to select new pilot program participants for 2005.

10. DNR would be required to submit a report to the Legislature, appropriate standing committees and Joint Committee on Finance no later than December 1, 2004, that describes: (a) the results of the 2003 pilot year; (b) any changes in the recycling rate obtained by the participants; (c) any cost or program efficiencies obtained by the participants; and (d) any recommendations for statutory changes to expand or modify the pilot program.

11. Require that the pilot program would end on December 31, 2005.

Note:

As of January 1, 1995, no person may landfill, burn with or without energy recovery, or convert into fuel, any of the following waste materials: (a) aluminum containers; (b) corrugated paper or other container board; (c) foam polystyrene packaging; (d) glass containers; (e) magazines

or other material printed on similar paper; (f) newspapers or other material printed on newsprint; (g) office paper; (h) plastic containers; (i) steel containers; and (j) containers for carbonated or malt beverages that are primarily made from a combination of steel and aluminum ("bi-metal" cans). Materials subject to the 1995 bans may generally only be landfilled or incinerated if they are the "residuals" (materials remaining after other like materials have been separated for recycling) from an effective recycling program.

The motion would create a pilot program to provide an alternate method of complying with the effective recycling program requirements related to the 1995 landfill and incineration bans. Under the pilot program, DNR would select up to 10 responsible units to participate in 2003 and up to 10 additional responsible units in 2004. The participating responsible units could select materials to recycle from a list established in DNR rule, and would seek to meet recycling percentage rate goals specified in administrative rule. DNR would be required to submit a report containing specified information to the Legislature by December 1, 2004. The pilot program would end December 31, 2005.

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS _____

NATURAL RESOURCES -- AIR, WASTE AND CONTAMINATED LAND

Solid and Hazardous Waste Facility Siting Negotiation and Arbitration Process

Motion:

Move to add to the list of items that are subject to arbitration under the solid and hazardous waste facility siting negotiation and arbitration process, compensation to any person for substantial economic impacts that are a direct result of the facility's receipt of waste generated outside of Wisconsin.

Note:

The statutes, under s. 289.33, provide a process for negotiation and arbitration between the applicant for a license to establish either a solid waste disposal facility or a hazardous waste treatment, storage or disposal facility and a committee representing the affected municipalities to assure that: (a) arbitrary or discriminatory policies and actions of local governments which obstruct the establishment of solid waste disposal facilities and hazardous waste facilities can be set aside; (b) the legitimate concerns of nearby residents and affected municipalities can be expressed in a public forum, negotiated and, if need be, arbitrated with the applicant in a fair manner and reduced to a written document that is legally binding; and (c) an adequate mechanism exists under state law to assure the establishment of environmentally sound and economically viable solid waste disposal facilities and hazardous waste facilities.

Currently, the applicant and the local committee may negotiate with respect to any subject except: (a) any proposal to make the applicant's responsibilities under the approved feasibility report or plan of operation less stringent; and (b) the need for the facility.

If agreement is not reached after a reasonable period of negotiation, the applicant and the local committee may submit a joint written petition to the Waste Facility Siting Board to initiate

arbitration. After following specified procedures, the Board may issue an arbitration award which is final.

Currently, only the following items are subject to arbitration under this section:

- (a) Compensation to any person for substantial economic impacts which are a direct result of the facility including insurance and damages not covered by the waste management fund;
- (b) Reimbursement of reasonable costs, but not to exceed \$20,000, incurred by the local committee relating to negotiation, mediation and arbitration activities under this section;
- (c) Screening and fencing related to the appearance of the facility. This item may not affect the design capacity of the facility.
- (d) Operational concerns including, but not limited to, noise, dust, debris, odors and hours of operation but excluding design capacity;
- (e) Traffic flows and patterns resulting from the facility;
- (f) Uses of the site where the facility is located after closing the facility;
- (g) Economically feasible methods to recycle or reduce the quantities of waste to the facility. At facilities for which the applicant will not provide or contract for collection and transportation services, this item is limited to methods provided at the facility;
- (h) The applicability or nonapplicability of any preexisting local approvals.

The motion would add to the list of items subject to arbitration, compensation to any person for substantial economic impacts that are a direct result of the facility's receipt of waste generated outside of Wisconsin.

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

NATURAL RESOURCES -- AIR, WASTE AND CONTAMINATED LAND

Modify Solid Waste Materials Required to be Recycled

Motion:

Move to direct DNR to promulgate administrative rules that would: (a) set goals for materials to be recycled as a percentage of solid waste generated in the geographic area served by responsible units of local government; (b) establish a list of recyclable materials that could be collected for recycling by responsible units, including materials currently subject to the 1995 landfill bans and other recyclable materials; (c) establish a procedure for responsible units to determine which materials they will recycle to meet the goals; (d) allow responsible units to choose to recycle materials other than or in addition to materials currently subject to the 1995 landfill bans; and (e) establish a procedure for DNR to determining whether responsible units achieve the recycled materials percentage goals. Specify that responsible units that comply with the recycled materials percentage goals established in rule would not have to comply with the 1995 landfill and incineration bans that are currently required in order to maintain an effective recycling program.

Note:

As of January 1, 1995, no person may landfill, burn with or without energy recovery, or convert into fuel, any of the following waste materials: (a) aluminum containers; (b) corrugated paper or other container board; (c) foam polystyrene packaging; (d) glass containers; (e) magazines or other material printed on similar paper; (f) newspapers or other material printed on newsprint; (g) office paper; (h) plastic containers; (i) steel containers; and (j) containers for carbonated or malt beverages that are primarily made from a combination of steel and aluminum ("bi-metal" cans). Materials subject to the 1995 bans may generally only be landfilled or incinerated if they are the "residuals" (materials remaining after other like materials have been separated for recycling) from an effective recycling program.

The motion would create an alternate method of complying with the effective recycling program requirements related to the 1995 landfill and incineration bans. DNR would be directed to promulgate administrative rules to provide that responsible units that meet certain goals for recycling percentages of materials established in rule and that meet other criteria, could recycle those materials instead of the materials included in the 1995 bans.

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS _____

NATURAL RESOURCES -- AIR, WASTE AND CONTAMINATED LAND

Municipal and County Recycling Grant - Yard Waste Costs

Motion:

Move to specify that under the municipal and county recycling grant program, yard waste collection costs would be ineligible costs.

Note:

Currently, for grant years 2000 and after, responsible units of local government are eligible for a municipal and county recycling grant equal to the same percentage of total grant funds that each responsible unit received in 1999. Each responsible unit's grant is capped at the current year's net eligible recycling costs. Net eligible costs include expenses, including capital expenses, anticipated to be incurred for planning, constructing or operating an effective recycling program, which includes complying with the 1995 landfill and incineration bans, and for complying with the 1993 prohibition of disposing of yard waste in a landfill or incinerator.

Under the motion, yard waste collection costs would be ineligible costs under the municipal and county recycling grant program.

MO#

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS _____