

Fiscal Estimate - 2005 Session

- Original
 Updated
 Corrected
 Supplemental

LRB Number 05-2120/1	Introduction Number AB-449
Subject	
Management and disposal of septage and municipal sewage sludge	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
Local:	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input checked="" type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>MSD</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	Affected Ch. 20 Appropriations
Agency/Prepared By	Authorized Signature
DNR/ Joe Polasek (608) 266-2794	Joe Polasek (608) 266-2794
Date	
6/9/2005	

Fiscal Estimate Narratives

DNR 6/9/2005

LRB Number 05-2120/1	Introduction Number AB-449	Estimate Type Original
Subject Management and disposal of septage and municipal sewage sludge		

Assumptions Used in Arriving at Fiscal Estimate

Bill Summary:

This bill proposes a variety of septage disposal changes developed by a joint legislative council special committee. Provisions impacting DNR include modifying the clean water fund program to provide zero percent interest rate loans for projects relating to facilities for receiving, and capacity for treating, septage. It also repeals the current authorization for fees for licenses for septage land disposal sites.

Fiscal Impact:

The state would receive reduced revenue of \$1,515,000 from decreasing the interest rate charged through the Clean Water Fund (CWF) loan program to publicly owned wastewater treatment plants (POTW). This would result in a reduction of \$1,515,000 in funding available to fund new loans. Costs to local units of government which receive loans would be reduced by \$1,515,000 since they, as borrowers, would have decreased costs in the form of lower loan payments. More details follow.

The bill seeks to provide incentive for POTWs to plan for and to provide capacity for septage receiving as part of their wastewater treatment process. This is accomplished by reducing the interest rate from 55% of the market rate to 0% for that portion of the planning, construction, and capacity provided for septage generated in the planning area. The reduced interest will also mitigate the impact of receiving less septage than anticipated, recognizing that Commerce Clause laws preclude the mandating of where a homeowner disposes of their septage. The reduced revenue collected by the state would be offset by local units of government which, as borrowers, would have decreased costs in the form of lower loan payments. Approximately 150 million dollars a year are provided for wastewater treatment plant upgrades in the state through the CWF. Assumptions include the following:

1. \$150,000,000 per year distributed through Clean Water Fund (CWF) loans to Publicly Owned Wastewater Treatment plants.
2. Five percent of CWF loan amounts would potentially be issued at the zero percent interest rate for septage capacity.
3. Present Value of the affected interest rate reduction is 20.2% of the loan amount assuming a 20-year loan term.
4. Decreased state revenue (and decreased local unit of government cost) $\$150,000,000 \times 0.05 \times 0.202 = \$1,515,500$ annually.

Since loan repayments are subsequently allocated out as new loans, the \$1,515,500 annual reduction in loan payments means that each year there will be \$1,515,500 less available to fund new loans or that the Department would need to seek \$1,515,500 in new bonding each year in order to maintain the current levels of loans.

There is also a zero fiscal impact from the elimination of a site license fee charged by DNR in this Bill. DNR has never charged for this license because it encourages haulers to have extra sites for contingencies and thus no revenue is lost.

Long-Range Fiscal Implications

None

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 05-2120/1		Introduction Number AB-449	
Subject			
Management and disposal of septage and municipal sewage sludge			
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			-1,515,000
TOTAL State Revenues		\$	\$-1,515,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$-1,515,000
NET CHANGE IN REVENUE		\$-1,515,000	\$
Agency/Prepared By		Authorized Signature	
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794	
		Date	
		6/9/2005	