

### Fiscal Estimate - 2005 Session

Original       Updated       Corrected       Supplemental

|   |  |   |  |
|---|--|---|--|
| <b>LRB Number</b> <b>05-2799/1</b>  |  | <b>Introduction Number</b> <b>SB-367</b>  |  |
| <b>Subject</b><br>Responsibility for disposal of electronic equipment   |  |   |  |
| <b>Fiscal Effect</b>  |  |   |  |
| <b>State:</b>   |  |   |  |
| <input type="checkbox"/> No State Fiscal Effect   |  |   |  |
| <input type="checkbox"/> Indeterminate  |  |   |  |
| <input type="checkbox"/> Increase Existing Appropriations   |  | <input checked="" type="checkbox"/> Increase Existing Revenues  |  |
| <input type="checkbox"/> Decrease Existing Appropriations   |  | <input type="checkbox"/> Decrease Existing Revenues   |  |
| <input type="checkbox"/> Create New Appropriations  |  | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget |  |
|   |  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                   |  |
|   |  | <input type="checkbox"/> Decrease Costs   |  |
| <b>Local:</b>   |  |   |  |
| <input type="checkbox"/> No Local Government Costs  |  |   |  |
| <input type="checkbox"/> Indeterminate  |  |   |  |
| 1. <input type="checkbox"/> Increase Costs  |  | 3. <input type="checkbox"/> Increase Revenue  |  |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory  |  | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                                |  |
| 2. <input type="checkbox"/> Decrease Costs  |  | 4. <input type="checkbox"/> Decrease Revenue  |  |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory  |  | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                                |  |
| <b>5. Types of Local Government Units Affected</b>  |  |   |  |
| <input type="checkbox"/> Towns  |  | <input type="checkbox"/> Village  |  |
| <input type="checkbox"/> Counties   |  | <input type="checkbox"/> Others   |  |
| <input type="checkbox"/> School Districts   |  | <input type="checkbox"/> WTCS Districts   |  |
| <input type="checkbox"/> Cities   |  |   |  |
| <b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b>  |  |   |  |
| <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 20.370(2)(hg) |  |   |  |
| <b>Agency/Prepared By</b>   |  | <b>Authorized Signature</b>   |  |
| DNR/ Joe Polasek (608) 266-2794   |  | Joe Polasek (608) 266-2794  |  |
|   |  | <b>Date</b>   |  |
|   |  | 10/26/2005  |  |

## Fiscal Estimate Narratives

DNR 10/26/2005

|   |                  |                     |               |               |                 |
|---|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number  | <b>05-2799/1</b> | Introduction Number | <b>SB-367</b> | Estimate Type | <b>Original</b> |
| <b>Subject</b>                                      |                  |                     |               |               |                 |
| Responsibility for disposal of electronic equipment |                  |                     |               |               |                 |

### Assumptions Used in Arriving at Fiscal Estimate

#### Bill Summary:

#### Producers of Electronic Equipment:

This bill requires a producer of electronic equipment to implement a program to finance the recycling or disposal of "covered" electronic products sold in Wisconsin. Equipment covered includes televisions, computer monitors, color video display devices, certain other video display devices, computers weighing more than six pounds, digital audio storage devices, printers, facsimile transmission devices, optical scanners, mobile telephone, and any electronic device specified by the DNR. The bill creates producer responsibility of financing the collection and disposition of its own covered electronic equipment and a portion of all covered electronic equipment sold before the requirements in the bill: this is referred to as historic and orphan covered waste. The bill also provides that a producer must comply with worker protection, proper labeling, consumer education, and recycling information requirements outlined in the bill. All producers must submit to DNR a plan for approval no later than 30 months after the bill is enacted, outlining how they will achieve bill requirements and provisions for payment of a fee to DNR (\$1 per item through 20012, 60 cents from 2013 to 2017, and 20 cents thereafter). Revenue from producer fees will fund administration of the electronic waste and the grants program. Producers failing to remedy deficiencies within a deadline set by DNR will be notified by DNR that no person may sell their products covered by the bill in the state. If DNR approves a producer's plan or within three years after the bill becomes law, a producer must provide proof of financial responsibility based on the sales of the producer's covered electronic equipment in the state. The bill also requires a producer to conduct public polling to determine public awareness of the producer's program. The producer must submit an annual report showing the program's consistency with the approved plan and the performance requirements outlined in the bill. Producers may work jointly with other producers to comply with the bill's requirements. The bill contains producer penalties of forfeitures not more than \$10,000 for each violation.

#### DNR:

The bill creates a new appropriation in the Waste Management program to administer the electronic waste program and the grants programs. The bill authorizes the DNR to make grants for the development of facilities and systems for the recycling of covered electronic waste. DNR is authorized to contract for services to implement the program and is directed to promulgate rules for a grants program and fees payment. DNR must promulgate rules adding any electronic devices to the list specified in the bill. DNR must either approve the producers submitted plan or notify the producer of deficiencies. DNR must also review annual reports. DNR may grant an exemption to the prohibition of hazardous substances for a limited term if the producer demonstrates it is impossible to substitute a less harmful alternative. The bill authorizes DNR to grant a waiver from the bill requirements to producers with sales of a dollar value of less than .1 percent of the dollar value of all covered electronic equipment in the state. The bill authorized the DNR to prepare a report if a federal law is enacted related to the disposal of electronic devices.

#### Miscellaneous:

The bill prohibits the sale of covered equipment containing certain hazardous substances and disposal in Wisconsin landfills. The bill authorizes the DNR Secretary to delay the effective date of the landfill ban if its application will result in hardship to local governments. The bill also prohibits a state agency, other than the University of Wisconsin Hospitals and Clinics, from purchasing equipment from a producer that fails to submit a plan to the DNR. The bill requires DOA and other state agencies to write specifications for the purchase of equipment.

#### Fiscal Estimate:

DNR will receive an as yet undetermined revenue stream when fee payment begins, but without an extensive investigation on the amounts of covered equipment sold in Wisconsin, DNR is unable to estimate the amount of this revenue stream. DNR will need to use existing funds to cover one-time and annualized costs incurred before fee payment commences 34 or more months after bill enactment; this will be a hardship for DNR.

One time costs: \$225,000

- 1) Program development and rule promulgation (grants program and producer fee schedule) - 0.5 FTE for two years = \$75,000
- 2) Data base development, under contract = \$150,000 (monitor producer performance and track collection, grant administration)

Annualized Costs: \$150,000 for program administration (2.0 FTE for at least 2 years after bill enactment)

- 1) Producer plan implementation - Identify and work with producers to develop plan, review plans, review proof of financial responsibility, review annual reports, monitor progress in meeting goals, maintain database to track performance
- 2) Develop and administer the grants program.

The total estimated cost of \$375,000 (\$225,000 in one time costs and \$150,000 in annualized costs). Costs will not be offset until payment commences - not before 34 months after bill enactments. As stated above, additional revenue will be coming in, but it is not possible estimate the amount of revenue at this time.

#### **Long-Range Fiscal Implications**

2.0 FTE to manage the producer and grants programs and maintain the database system for monitoring and reporting (\$150,000 per year)

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|  |  |  |                 |
|--|--|--|-----------------|
| <b>LRB Number</b> 05-2799/1  |  | <b>Introduction Number</b> SB-367              |                 |
| <b>Subject</b>   |  |  |                 |
| Responsibility for disposal of electronic equipment  |  |  |                 |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>                                |  |  |                 |
| 0.5 FTE @\$75,000 for Rules promulgation and program development; \$150,000 for development of a database system to track producers and grants             |  |  |                 |
| <b>II. Annualized Costs:</b>   |  | <b>Annualized Fiscal Impact on funds from:</b> |                 |
|  |  | Increased Costs                                | Decreased Costs |
| <b>A. State Costs by Category</b>  |  |  |                 |
| State Operations - Salaries and Fringes  |  | \$140,000                                      |                 |
| (FTE Position Changes)   |  | (2.0 FTE)                                      |                 |
| State Operations - Other Costs   |  | 10,000   |                 |
| Local Assistance   |  |  |                 |
| Aids to Individuals or Organizations   |  |  |                 |
| <b>TOTAL State Costs by Category</b>   |  | <b>\$150,000</b>                               | <b>\$</b>       |
| <b>B. State Costs by Source of Funds</b>   |  |  |                 |
| GPR  |  |  |                 |
| FED  |  |  |                 |
| PRO/PRS  |  |  |                 |
| SEG/SEG-S  |  | 150,000  |                 |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b> |  |  |                 |
|  |  | Increased Rev                                  | Decreased Rev   |
| GPR Taxes  |  | \$   | \$              |
| GPR Earned   |  |  |                 |
| FED  |  |  |                 |
| PRO/PRS  |  |  |                 |
| SEG/SEG-S  |  |  |                 |
| <b>TOTAL State Revenues</b>  |  | <b>\$</b>                                      | <b>\$</b>       |
| <b>NET ANNUALIZED FISCAL IMPACT</b>  |  |  |                 |
|  |  | State  | Local           |
| NET CHANGE IN COSTS  |  | \$150,000                                      | \$              |
| NET CHANGE IN REVENUE  |  | \$   | \$              |
| <b>Agency/Prepared By</b>  |  | <b>Authorized Signature</b>                    | <b>Date</b>     |
| DNR/ Joe Polasek (608) 266-2794  |  | Joe Polasek (608) 266-2794                     | 10/26/2005      |