

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-1007/1	Introduction Number SB-029
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Description
 Increasing the recycling fee imposed on the disposal of solid waste, the program of financial assistance for local recycling programs, and making an appropriation

Fiscal Effect

State:

- | | | |
|--|---|---|
| <input type="checkbox"/> No State Fiscal Effect
<input type="checkbox"/> Indeterminate
<input checked="" type="checkbox"/> Increase Existing Appropriations
<input type="checkbox"/> Decrease Existing Appropriations
<input type="checkbox"/> Create New Appropriations | <input checked="" type="checkbox"/> Increase Existing Revenues
<input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" 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 type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input checked="" type="checkbox"/> Increase Revenue
<input type="checkbox"/> Permissive <input checked="" 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 checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Responsible Units</u>
<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|--|--|--|

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.370(6)(bu)

Agency/Prepared By	Authorized Signature	Date
DNR/ Joe Polasek (608) 266-2794	Joe Polasek (608) 266-2794	3/27/2007

Fiscal Estimate Narratives

DNR 3/28/2007

LRB Number	07-1007/1	Introduction Number	SB-029	Estimate Type	Original
Description Increasing the recycling fee imposed on the disposal of solid waste, the program of financial assistance for local recycling programs, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

Bill Summary: This bill would increase the state Recycling Fee on landfilled waste from the current \$3 per ton to \$10 per ton. High volume wastes, as defined in s. 289.01(16), Stats., remain exempt from this fee under the proposed bill. In addition, the proposed bill increases the appropriation for recycling grants to responsible units (RUs) by \$48 million for FY 08-09, and provides at least a 75% increase in recycling grant awards to all RUs.

Fiscal Estimate: Calendar year 2005 tonnages are used as a base for the calculation in this fiscal estimate. In calendar year 2005, 7.9 million tons of landfilled waste was subject to the recycling fee. (Approximately 1.9 million of these tons were generated outside of Wisconsin.) It is assumed the increase in recycling tipping fee to \$10/ton will result in a 10% reduction in the amount of waste being landfilled.

State Estimate:

Revenues:

Increasing the recycling fee to \$10/ton and assuming that this leads to a reduction in landfilled tonnages of 10% results in an estimated revenue increase to the Recycling Fund of \$47.3 million. Calculated as follows: 7.9 million tons x (.9) x \$10/ton = \$71 million - 23.7 million (\$3 existing fee) = \$47.3 million.

The assumed 10% decrease in tonnage will also affect the five other tonnage-based environmental fees: Environmental SEG: Groundwater, Well Compensation, and Environmental Repair; and Program Revenue: Waste Facility Siting Board, and Landfill License Fee Surcharge. This drop in landfilled tonnages would reduce combined revenues environmental fees by \$630,000.

A 10% drop in tonnages = 7.9 million tons x .10 = 790,000 tons

The five tonnage-based environmental fees mentioned above sum to \$0.797/ton.

790,000 tons x \$0.797/ton = \$630,000

Costs:

Increasing the RU grants by \$48 million in local assistance from the Department, up from the current \$24.5 million in RU grants.

The increase in the tipping fee will result in significantly greater costs for landfilling of waste materials generated at brownfields and other remediation sites. The effect of this increased cost may mean that some projects are not undertaken at brownfield sites.

Local Estimate:

Revenues:

The bill increases recycling grants to RUs by \$48 million annually.

Costs to Local Governments:

An estimate of the cost to local government can be obtained by: 1.) estimating the tons of waste disposed of by households where garbage collection is performed or provided by a municipality and 2.) determining tonnages of other types of waste generated and landfilled by municipalities and would be subject to the Recycling Fee.

Local Government Costs for 1.) Above

An accepted industry rule of thumb is that households generate approximately 1 ton of waste per year. (Verification of this rule of thumb using 2005 tonnage data is included at the end of this narrative.) We are assuming that this amount would decrease by 10% should the Recycling Fee be increased to \$10/ton. Based on population data for urban and rural responsible units, we estimate that 80% of Wisconsin households have garbage service either performed by or provided by the municipality.

Number of households in Wisconsin: 5.5 million people/2.5 persons per household = 2.2 million households
X 80% municipal services = 1.76 million households.

at \$3/ton: 1.76 million households x 1 ton waste/hh x \$3/ton = \$5.3 million paid by LG in Recycling Fee
at \$10/ton: 1.76 million households x 0.9 ton waste/hh x \$10/ton = \$15.8 million paid by LG in Recycling Fee

Additional cost to Local Gov't = \$15.8 - \$5.3 = \$10.5 million

Local Government Costs for 2.) Above

In 2005, approximately 150,000 tons of sewage sludge were landfilled. Assuming this disposal continued unchanged, the additional cost to local governments would be 150,000 tons x \$7/ton = \$1.0 million.

Total Local Government Cost for 1.) and 2.) = \$10.5 M plus \$1.0 million = \$11.5 million

Verification of 1 Ton per Household Waste Generation Rate

For calendar year 2005, a total of 7.93 million tons of waste were subject to the Recycling Fee. Of this, 6.02 million tons were generated in Wisconsin and 1.91 million tons out of state. Separately, the latest waste sort performed in 2003 indicated that 44% of waste received by municipal solid waste landfills was industrial/commercial/institutional, 33% was residential and 23% was construction and demolition waste.

7.93 million tons subject to Recycling Fee
- 1.91 million tons out of state
- 2.65 million tons industrial/commercial/institutional (6.02 million tons x .44)
- 1.38 million tons construction and demolition ((6.02 million tons x .23)

= 1.99 million tons residential which is within approximately 10% of the 2.2 million tons from the 1/ton per household rule of thumb.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description Increasing the recycling fee imposed on the disposal of solid waste, the program of financial assistance for local recycling programs, and making an appropriation			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
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	48,000,000		
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$48,000,000		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S	48,000,000		
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			-124,000
SEG/SEG-S	47,300,000		-506,000
TOTAL State Revenues	\$47,300,000		\$-630,000
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$48,000,000		\$\$11,500,000
NET CHANGE IN REVENUE	\$46,670,000		\$\$48,000,000
Agency/Prepared By Authorized Signature Date			
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794	3/27/2007