

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-3058/2		Introduction Number SB-397	
Description Recycling of Electronic Devices			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs			
Local:			
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <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 type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.370(2)(hr) and (hq)			
Agency/Prepared By		Authorized Signature	Date
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794	3/3/2008

Fiscal Estimate Narratives

DNR 3/3/2008

LRB Number	07-3058/2	Introduction Number	SB-397	Estimate Type	Original
Description Recycling of Electronic Devices					

Assumptions Used in Arriving at Fiscal Estimate

Bill Summary: This bill establishes a market-driven system for the collection and recycling of listed covered electronic devices (CED), video display devices and computers (monitors, CPUs and laptops), computer peripherals, digital video player and video recorders.

The bill imposes a number of requirements on manufacturers of video display devices (VDD) -- a television or computer with a tube or screen that is at least nine inches in diameter -- and assigns primary responsibility for financing the collection and recycling of regulated devices to these manufacturers. According to the bill, manufacturers must be registered with the Department, and retailers are prohibited from selling VDD from a non-registered manufacturer. The bill creates a fee mechanism through which manufacturers would pay into the segregated recycling fund. The total amount of the fee is determined by an annual base fee and by a variable fee, which is based on the manufacturers' product weight and the weight of any CED recycled by the manufacturer. The bill requires a manufacturer to report to the Department and to conduct assessments of any collectors and recyclers with whom it contracts. The bill also creates a civil monetary penalty for a manufacturer that violates the requirements of the bill.

In addition, the bill imposes requirements on recyclers and collectors, and bans landfilling or incineration of CED. The bill prohibits Wisconsin state agencies from purchasing a television or monitor unless the manufacturer is registered with the DNR. The bill authorizes the DNR to audit the activities of a collector or a recycler.

The bill also creates an all-moneys-received appropriation, funded from the recycling fund, for the Department's administration of the new electronics recycling program, and provides 2.0 FTE 2-year project positions funded from the recycling fund, and 2.0 FTE permanent positions funded from the revenue received from the manufacturers' fees.

Fiscal Estimate:

This bill would increase revenues to the recycling fund and would increase costs to the Department. This bill delegates administration and oversight of the program to DNR. Specific tasks include: managing and tracking registration, fee payments, and reporting; developing and maintaining a computer system to track fees, registration and collections; outreach and technical assistance; and monitoring and enforcement. The Department expects the 2.0 FTE project positions will perform the following duties: rule development, program coordination, outreach, web development, and IT systems development. The Department expects that the 2.0 FTE permanent positions will continue the project work listed above, and, in addition, will perform duties associated with enforcement and compliance.

Estimated revenue: Manufacturers selling VDD to Wisconsin households would be required to pay initial and annual registration fees to the Department. The bill provides for reduced registration fees for smaller manufacturers, defined as selling fewer than 100 units per year to Wisconsin households. The bill states the first year fees are \$1,250 for small manufacturers and \$5,000 for those selling more than 100 units per year. The bill states that the annual base fees are \$1,250 for small manufacturers and \$2,500 for others. The Department assumes that the number of manufacturers paying the fee will be the same or similar to the number of registrants in a similar program in Minnesota. In January, 2008, Minnesota registered 13 manufacturers selling fewer than 100 units annually and 48 manufacturers selling more; therefore the Department estimates that revenue from manufacturer registration will be \$256,000 (13 X \$1,250 = \$16,250; 48 X \$5,000 = \$240,000) in the first year and \$136,250 (13 X \$1,250 = \$16,250; 48 X \$2,500 = \$120,000) annually thereafter. Revenue from the registration fees would be deposited in the recycling fund and would be available to the Department to administer the program.

In addition to registration fees, manufacturers may be assessed a penalty (called a variable fee) for not meeting their annual or quarterly recycling obligation. A recycling obligation is the amount of any CED a

manufacturer must annually collect and recycle equal to a set percentage of the weight of its manufactured VDD sold to Wisconsin households: 60% in the first year and 80% thereafter. If the manufacturer meets its target recycling weight, it is not required to pay the variable fee. In addition, if a manufacturer exceeds its target weight, it can sell the credits to other manufacturers or use the excess to offset future weight targets. The Department lacks sufficient information on which to base an estimate of the amount of revenue that might be collected through the variable fee.

Estimated costs: Assuming an average FTE cost of \$65,000/year including salary and fringe, the Department estimates costs of \$130,000 for the 2.0 FTE project positions to be funded from the recycling program administration appropriation 20.370 (2)(hq) for the first and second years of the program. The Department also assumes the cost of the 2.0 permanent FTE at \$65,000/year to be funded from the fees collected in the recycling program. Annualized costs for for the first year from the created appropriation, 20.370 (2)(hr), are estimated at \$130,000.

Local Government:

The bill would not increase costs to local governments. The bill does not require local governments to be a part of the collection and recycling system, nor does it place any other requirements on local governments. However, local governments may choose to enter into contractual arrangements with manufacturers, recyclers or collectors to host collection events, and receive compensation for these. Based on the experience in Minnesota, this arrangement may provide a local government some direct savings and, in some cases, added revenue. For example, one Minnesota county reported collection of 132,000 pounds of CED in 3 months, which was double their projected volume. They were able to reduce the fees charged to local residents, and received \$1,300 in revenue and an estimated savings of \$28,000.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description Recycling of Electronic Devices			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$260,000 over 2 years related to 2.0 FTE project positions. First year revenues are projected to be \$256,000.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$130,000	\$
	(FTE Position Changes)	(2.0 FTE)	
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$130,000	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S	130,000	
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		
	SEG/SEG-S	136,000	
	TOTAL State Revenues	\$136,000	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$130,000	\$
	NET CHANGE IN REVENUE	\$136,000	\$
Agency/Prepared By		Authorized Signature	Date
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