

### Fiscal Estimate - 2009 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>09-2862/1</b>	<b>Introduction Number</b> <b>AB-0278</b>	
<b>Description</b> The sale, disposal, collection, and recycling of electronic devices, granting rule-making authority, making an appropriation, and providing penalties		
<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 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		
<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                      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"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</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)(hr) and (hq)		
<b>Affected Ch. 20 Appropriations</b>		
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DNR/ Joe Polasek (608) 266-2794	Joe Polasek (608) 266-2794	5/20/2009

## Fiscal Estimate Narratives

DNR 5/20/2009

LRB Number	09-2862/1	Introduction Number	AB-0278	Estimate Type	Original
<b>Description</b> The sale, disposal, collection, and recycling of electronic devices, granting rule-making authority, making an appropriation, and providing penalties					

### Assumptions Used in Arriving at Fiscal Estimate

Bill Summary: This bill requires manufacturers of video display devices, computers and printers (collectively referred to as "covered electronic devices" or CED) sold to Wisconsin households to assume responsibility for the collection and proper disposal of electronic devices. It establishes e-recycling goals based on market share and allows for the sale or banking of e-recycling credits that exceed these goals. The bill provides an additional incentive to recover electronic devices from rural counties. The bill also bans the landfilling or incineration of certain electronic devices. Manufacturers, collectors, retailers and recyclers are regulated under the bill. All except retailers must register with the Wisconsin Department of Natural Resources (Department).

Manufacturers which sell or offer CED for sale to a household must be registered with the Department, and retailers are prohibited from selling CED from a non-registered manufacturer. The bill creates a fee mechanism through which manufacturers would pay into a new Electronic Waste Recycling (Electronics) appropriation within the Recycling and Renewable Energy (RRE) Fund. The fee is comprised of a mandatory annual registration fee and any shortfall fees based on a shortfall between manufacturers' recycling target and the weight of the total eligible electronic devices recycled by or on behalf of the manufacturer. The bill requires a manufacturer to report annually to the Department and creates a civil monetary penalty for a manufacturer that violates the requirements of the bill. In addition, the bill imposes requirements on recyclers, collectors and, to a lesser extent, local governments and authorizes the Department to audit the activities of a collector or a recycler.

The Electronics all-moneys-received appropriation, will fund a portion of the Department's administration of the state electronics recycling program. In addition to funds for support of program administration, the bill provides 2.0 FTE 2-year project positions and 2.0 FTE permanent positions, 50% of which are funded from regular recycling revenues and 50% of which are funded from the new Electronics appropriation.

### Fiscal Estimate:

This bill would increase revenues to the RRE Fund (through the newly created CED Fees) and would increase costs to the Department. This bill delegates administration and oversight of the program to the Department, with costs partially offset by the all-moneys-received appropriation for program administration. Specific tasks include: interpreting policy and developing guidance documents, 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: assist in rule development, program coordination, outreach, web development, and IT systems development. The Department expects that the 2.0 FTE permanent positions will provide overall program coordination and direction, participate in the project work listed above, and, in addition, will perform duties associated with enforcement and compliance.

Estimated revenue: Manufacturers selling CEDs to Wisconsin households would be required to pay annual registration fees to the Department of \$5,000 except that registration fees are reduced for manufacturers selling less than 100 units/year (\$1,250 for manufacturers selling between 25 and 100 units and no fee for manufacturers selling less than 25 units). The Department assumes that the number of manufacturers paying the fee will be similar to the number of registrants in a similar program in Minnesota (MN). In the 2008 program year, MN registered 13 manufacturers selling fewer than 100 units annually and 48 manufacturers selling more. Based on the MN experience and adjusted for the inclusion of two additional manufacturer groups (desktop computers and printers), the Department estimates that revenue from manufacturer registration will be \$287,500 (10 X \$1,250 = \$12,500; 55 X \$5,000 = \$275,000) in the first year and annually thereafter. Revenue from the registration fees would be deposited in the Electronics appropriation and would be available to the Department for program administration.

In addition to registration fees, manufacturers may be assessed a penalty (called a shortfall fee) for not meeting their annual recycling target. A recycling target is the amount of any eligible electronic device (EED) a manufacturer must annually collect and recycle equal to a set percentage of the weight of its manufactured CEDs sold to Wisconsin households, set at 80% for the first year and thereafter. If a manufacturer exceeds its target, it can sell the credits to other manufacturers or use the excess to offset future weight targets. Based on the experience in MN and other states with mandatory electronics recycling programs, the Department does not expect manufacturers to be assessed shortfall fees at least for the first several years of the program while legacy devices are recycled.

Estimated costs: The substitute amendment authorizes a total of 4.0 positions at DNR for the start-up and administration of the electronic waste recycling program - 2.0 FTE permanent positions, and 2.0 FTE two-year project positions. Estimated FTE costs are calculated assuming an average FTE cost of \$80,000/year including salary and fringe, for FTE in classifications equivalent to: an advanced waste management specialist; an advanced IT programmer/web designer; or an advanced communication/outreach specialist. One FTE position and 1.0 project position are funded from an Electronic appropriation (s. 20.370(2) (hr)); the other full-time position and project position are funded by an appropriation from the RRE Fund (s. 20.370(2) (hq)).

Total anticipated expenditures for program administration by fund are itemized in the lists below:

RRE Fund, s. 20.370 (2) hq: in FY10 \$80,000 related to 1.0 FTE, \$80,000 related to 1.0 project, and \$10,000 for data development and outreach, for a total of \$170,000; in FY11 \$80,000 related to 1.0 FTE, \$80,000 related to 1.0 project, for a total of \$160,000.

Electronics appropriation, s. 20.370 (2) hr: in FY10, \$40,000 related to 1.0 FTE, \$40,000 related to 1.0 project, \$50,000 for data development, \$40,000 for data purchase, and \$15,000 for outreach, for a total of \$185,000; in FY11 \$80,000 related to 1.0 FTE, \$80,000 related to 1.0 project, \$25,000 for data development, \$25,000 for data purchase, and \$20,000 for outreach, for a total of \$230,000, in FY12, \$80,000 related to 1.0 FTE, \$40,000 related to 1.0 project; \$10,000 for data development, \$25,000 for data purchase, and \$10,000 for outreach, for a total of \$165,000; in FY13, and into the future, it is assumed \$80,000 for 1.0 permanent FTE, \$10,000 for data development, \$25,000 for data purchase, and \$10,000 for outreach, for an ongoing total of \$125,000. The Department will assess the health of the Electronics revenues in FY11 to determine the best allocation of positions and costs.

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 requirements on local governments other than informing their residents of the reasons to recycle and locations of recycling venues. 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 MN, local governments choosing to participate in the program have accrued some direct savings and, in some cases, added revenue. For example, one MN county reported collecting 132,000 pounds of CEDs 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. Currently in Wisconsin, local governments that host electronics collection events or permanent drop-off sites must either seek sponsorships or fund these activities in their budgets. For example, the city of Milwaukee has spent an estimated \$100,000 per year on electronics collection and recycling. Some, if not most, of these costs could be recovered if local governments participated in this program.

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

Long range total program costs are estimated at \$200,00 annually, funded through manufacturer fees.

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>09-2862/1</b>		<b>Introduction Number</b> <b>AB-0278</b>	
<b>Description</b> The sale, disposal, collection, and recycling of electronic devices, granting rule-making authority, making an appropriation, and providing penalties			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  \$355,000 in FY10; \$390,000 in FY11; \$245,000 in FY12			
<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	\$160,000		\$
(FTE Position Changes)	(2.0 FTE)		
State Operations - Other Costs	45,000		
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$205,000</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S	205,000		
<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	287,500		
<b>TOTAL State Revenues</b>	<b>\$287,500</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State	Local	
NET CHANGE IN COSTS	\$205,000		\$
NET CHANGE IN REVENUE	\$287,500		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794	5/20/2009