

Fiscal Estimate Narratives

DNR 3/14/2012

LRB Number	11-3583/1	Introduction Number	AB-0643	Estimate Type	Original
Description Fees imposed on the disposal of solid waste and hazardous waste at licensed solid waste and hazardous waste disposal facilities					

Assumptions Used in Arriving at Fiscal Estimate

The bill exempts from the tipping fees soil removed during the cleanup of a contaminated site that is listed in DNR's database of contaminated properties. The bill also exempts from the tipping fees materials discarded as residue from a recycling facility, subject to a cap that equals, for a construction and demolition material recycling facility, 30 percent of the total weight of material accepted by the facility and, for any other recycling facility, 10 percent of the total weight of material accepted by the facility.

Under the bill, if a person who disposes of solid waste at a landfill fails to pay the tipping fees and the disposal charges imposed by the landfill operator within 120 days after the date of disposal, the landfill operator may submit an affidavit to DNR that explains the situation and includes a commitment from the operator not to accept any more solid waste from the person until the overdue tipping fees are paid. When it receives such an affidavit, DNR must refund any amount of the overdue tipping fees that the operator paid to DNR for the person and the operator is not required to pay to DNR any more of the overdue tipping fees owed by the person. If the person later pays the overdue tipping fees to the operator, the operator must pay the tipping fees to DNR.

Assumptions

The impact to state revenues and local government costs, as applicable, are calculated using the tons of waste in each category for which the fees would be waived multiplied by the \$13/ton fee.

(1) MRF Residues: Publicly owned material recovery facilities (MRFs) reported generating 9,712 tons of waste residuals in 2010. Approximately 6,336 tons of this amount were subject to state tipping fees. About 276 tons (of the 6,336) exceeded the 10% cap in the bill for MRF residues eligible for the fee waiver. This leaves 6,060 tons that would be newly eligible for the fee waiver. For publicly-owned MRFs then, the decrease in state revenue and the savings to 19 local governments that operate MRFs would be 6,060 times \$13, or about \$78,800. The corresponding figures for Wisconsin's 31 privately-owned MRFs in 2010 were 28,262 tons and \$367,406. The total decrease in state revenues would be approximately \$446,200.

(2) Construction & Demolition MRF Residues: There are seven licensed solid waste processing facilities in Wisconsin that sort materials generated by construction, demolition and remodeling of structures. In 2011 these facilities generated an estimated 33,623 tons of residuals that were landfilled, according to a telephone survey. The total decrease to state revenues from waiving fees on this waste would be \$437,100.

(3) Remediation Soils: Amounts of soil disposed of in landfills and subject to state tipping fees are highly variable from year to year. Based on calls to a sample of landfill operators, a typical annual tonnage statewide of 40,000 tons is reasonable; this would amount to a \$520,000 decrease in state revenues.

(4) Bad Debt: Approximately 25 landfills accept loads from private haulers on a credit basis. Based on calls to a sample of landfill operators, a typical default rate would be less than 1 percent, and has improved over the past several years as adverse economic conditions have forced landfill operators to manage credit more tightly. At 400 tons per landfill per year (10,000 tons statewide), the annual revenue decrease to the state would be about \$130,000. An estimated 4,000 tons of this amount, or \$52,000, would be saved local government costs.

In addition to the above, the state would incur higher costs to administer the fee waivers for bad debt due to workload associated with reviewing refund claims and issuing checks, as well as auditing landfill operators' books to ensure all refunds are legitimate. We estimate a total workload of 80 hours per year, at \$50 per hour salary + fringe, for a total additional state cost of \$4,000.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Fees imposed on the disposal of solid waste and hazardous waste at licensed solid waste and hazardous waste disposal facilities			
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)	\$4,000		\$
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$4,000		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S	4,000		
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			-1,533,300
TOTAL State Revenues	\$		\$-1,533,300
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$4,000		-\$130,800
NET CHANGE IN REVENUE	\$-1,533,300		\$
Agency/Prepared By		Authorized Signature	
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		Date	
		3/14/2012	