



## Fiscal Estimate Narratives

DNR 8/19/2013

LRB Number	13-1917/1	Introduction Number	AB-0286	Estimate Type	Original
<b>Description</b> Methods of establishing proof of financial responsibility for the closure and long-term care of a landfill					

### Assumptions Used in Arriving at Fiscal Estimate

The bill proposes that escrow accounts and irrevocable trusts used by landfill owners to demonstrate proof of financial responsibility may include securities issued by an instrumentality of the federal government, as well as securities issued the federal government. Current law allows only cash, certificates of deposit, or U.S. government securities. Examples of securities issued by an instrumentality of the federal government would be Fannie Mae or Freddie Mac. U.S. government agency securities (like Fannie Mae) are not direct obligations of the U.S. Treasury, and are not backed by the Treasury's tax and credit authority, which means that they carry a slightly higher yield than U.S. government securities (treasury bills, treasury bonds, treasury certificates, treasury notes and treasury stocks guaranteed by the federal government). Because they carry a slightly higher yield, landfill owners (which could include local governments) using these types of securities would be able to invest fewer funds and still maintain adequate balances in their accounts to meet their proof of financial responsibility requirements.

### Fiscal Effect

The bill could result in a decrease in costs for local governments relating to landfill operations; however, because of all the variables involved, it is not possible to accurately estimate the cost savings.

### Long-Range Fiscal Implications