



## Fiscal Estimate Narratives

DNR 10/31/2013

LRB Number	13-2126/2	Introduction Number	AB-0424	Estimate Type	Original
<b>Description</b> Sale, collection, and recycling of mercury-added thermostats, the disposal of mercury-added products, granting rule-making authority, making an appropriation, and providing a penalty					

### Assumptions Used in Arriving at Fiscal Estimate

This bill requires manufacturers of mercury thermostats to register with the state and establish recycling programs for their thermostats. It also bans the disposal of mercury-added products in Wisconsin landfills and incinerators. Based on statutory definitions, the Department believes the disposal ban would cover a wide range of products, including fluorescent light bulbs, thermometers, mercury switches and mercury relays.

The requirements of the bill are phased in, with thermostat manufacturers required to submit a recycling plan by April 2014 and the disposal ban and recycling program taking effect in January 2015. Additional requirements for wholesalers, retailers and contractors take effect in February 2015. However, it is unclear when the Department would start receiving registration fee revenue because the bill instructs the Department to promulgate rules to set the fees, and the rules process would likely take two years or more. Therefore, the Department assumes no revenue would be generated to cover the initial implementation expenses of the law.

The bill places a number of requirements on the Department, including receiving and reviewing manufacturer recycling plans, accepting manufacturer registration fees, receiving and reviewing manufacturer annual reports, accepting and reviewing collector and recycler registrations, maintaining lists of registered collectors and recyclers on the Department website, providing compliance assistance and enforcement, providing public education and making annual reports to the Legislature. The collector and recycler registration requirements are vague, but the Department assumes that annual registrations would be required for the purposes of this estimate. The bill also implies, but does not explicitly list, several tasks, most notably enforcing retailer compliance with customer education requirements. These duties will require staff time, contracting for IT database work and programming online forms, outreach, etc.

The bill includes provisions for manufacturer registration fees to cover Department administrative costs, with the registration fees going to a newly created segregated fund within the environmental fund; however, since the bill does not authorize positions for the program, the Department assumes that it would be able to use fee revenues to fund LTE positions and other expenses.

Based on registration in other states with similar legislation, we estimate that 35 thermostat manufacturers would need to register. The bill directs the Department to promulgate rules to determine the registration fees for thermostat manufacturers; for this analysis the Department estimated a per-manufacturer fee of \$3,500 annually beginning in the third year after the bill becomes law, for a total of \$122,500 annually. The Department believes this would cover ongoing annual administrative expenses, but it would not cover initial implementation costs.

One-time implementation costs are estimated to be \$200,000. The Department would need to cover these costs and any of the annual administrative costs by other means until a rule setting registration fees is approved and implemented.

The Department does not have enough information to estimate the local fiscal effect of the bill. There are no explicit requirements for local governments in the bill. Some local governments may currently be collecting thermostats, and thus could potentially see some costs reduced. Others might decide to begin collecting thermostats or to promote thermostat collection to residents, and might therefore see small increased costs.

### Long-Range Fiscal Implications

Once manufacturers begin paying registration fees and initial implementation of the bill is complete, the

Department estimates that annual revenue from registration fees will be approximately equal to costs.

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> Sale, collection, and recycling of mercury-added thermostats, the disposal of mercury-added products, granting rule-making authority, making an appropriation, and providing a penalty			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  Approximately \$200,000 in one-time implementation costs, which would not be offset by revenue.			
<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	\$42,500	\$
	(FTE Position Changes)		
	State Operations - Other Costs	80,000	
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$122,500</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S (Environmental)	122,500	
<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 (Environmental)	122,500	
	<b>TOTAL State Revenues</b>	<b>\$122,500</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$122,500	\$
	NET CHANGE IN REVENUE	\$122,500	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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