

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-0632/1	Introduction Number AB-0492
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Description
 method for establishing proof of financial responsibility for municipal solid waste facilities; payments for closure, long-term care, and corrective action costs for certain solid or hazardous waste facilities; extending the time limit for emergency rule procedures; providing an exemption from emergency rule procedures; granting rule-making authority; and making an appropriation

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
DNR/ Paul Neumann (608) 266-0818	Paul Neumann (608) 266-0818	10/19/2023

Fiscal Estimate Narratives

DNR 10/19/2023

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Assumptions Used in Arriving at Fiscal Estimate

The bill requires the department to promulgate by rule an alternative method of establishing owner financial responsibility (OFR), similar to a net worth test, for municipally owned facilities. OFR exists to ensure financial resources are available to perform required closure, long-term care, and corrective action at solid waste facilities, such as landfills, incinerators, and transfer, storage, and processing facilities. OFR ensures the facility owner, not the department or the tax payer, pays for closure and long-term care. OFR is facility-specific, and the department cannot use OFR set aside for one facility towards a different facility. "Net worth test OFR" is currently available to privately owned facilities but not to municipally owned facilities. The net worth test requires facilities to meet certain criteria, but doesn't require the owner to set aside or pay for the availability of any financial resources.

The bill also allows the department to utilize the waste management fund, which may only be used for specific purposes listed in statute, to pay costs associated with closure and long-term care requirements and any required corrective action for a solid or hazardous waste storage, treatment, or disposal facility that has established proof of financial responsibility using either the net worth test or the alternative method for municipal facilities that is created under the bill. The department must notify the Joint Committee on Finance prior to use of these funds, and request approval from the Joint Committee on Finance if the amount is greater than \$300,000.

A. STATE FISCAL EFFECT

1. One-Time Rule-making Costs

The department estimates \$60,000 of one-time costs for rule-making. It assumes 500 hours combined staff time (staff, manager, attorney) at an average \$60/hr (salary + fringe) for developing an emergency rule (\$30,000), plus another 500 hours combined staff time, at an average \$60/hr, for developing a permanent rule (\$30,000).

2. Costs for Closure & Long-Term Care of Facilities

The bill proposes to expand the number of facilities authorized to use OFR similar to a net worth test, which presents a potential cost to the department. If a facility is unable to cover the cost of closure and long-term care, other financial resources would be needed to properly close and maintain a facility to mitigate the impacts to human health and the environment. The bill allows the department to use the waste management fund for this purpose, but the amount in the waste management fund is \$7.69 million, with no revenue other than interest earned. If the department must use the fund for closure and long-term care of a municipality's solid waste facility(ies), costs may range from \$20,000 to \$46 million per municipality. This is in addition to the range of \$1.6 million to approximately \$30 million per privately-owned entity already using a net worth test, should one of these companies go bankrupt.

The overall state fiscal effect of this is indeterminate because of the inability to calculate a probable amount the department would have to pay for closure and long-term care for municipally-owned facilities using OFR similar to a net worth test.

B. LOCAL FISCAL EFFECT

The local fiscal impact of the bill is indeterminate.

Existing OFR mechanisms, aside from the net worth test, require financial resources up front, including bonds,

letters of credit, cash deposits with the department, trust accounts or escrow accounts. Each mechanism has costs, including up-front and/or annual ongoing costs. The net worth test does not require the facility owner/operator to actually set aside or pay for the availability of funds. Therefore, allowing municipalities to use OFR similar to a net worth test would reduce the amount of funds that they may have to set aside to establish proof of financial responsibility.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time rulemaking costs totaling \$60,000.		
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)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
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		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By Authorized Signature Date		
DNR/ Paul Neumann (608) 266-0818	Paul Neumann (608) 266-0818	10/19/2023