



## WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

**2013 Wisconsin Act 281**  
[2013 Assembly Bill 376]

**Net Worth Method of Providing  
Proof of Financial Responsibility  
for Certain Solid Waste Facilities**

Wisconsin law requires the owner or operator of a solid or hazardous waste disposal facility to provide proof of financial responsibility for the cost of long-term care of the facility after it is closed. Proof of financial responsibility may be proven by a “standard method,” such as a bond, deposit, escrow account, or letter of credit. Alternatively, an owner or operator may prove financial responsibility by the “net worth method,” which requires a showing that the operator has a net worth of at least \$10 million and satisfies specified other financial criteria.

2013 Wisconsin Act 281 creates an alternative method for calculating one of the criteria required to be satisfied for the net worth method of proving financial responsibility. Under the Act, the alternative method is available to certain facilities that process waste wood, if more than 50% of the waste wood processed by the facility is to be used for energy recovery.

The modified criterion relates to the ratio of an owner or operator’s net fixed assets to total tangible assets. Under prior law, retained by the Act for facilities other than those that process waste wood, an operator or owner must show that its ratio of net fixed assets to total tangible assets at the end of the most recently completed fiscal year exceeds 0.3. Under the Act, eligible facilities that process waste wood must instead have a ratio of short-term assets to short-term liabilities that equals or exceeds 4.0. In addition, such facilities must show that the ratio of certain income and expenditures to certain debt payments also equals or exceeds 4.0.

*Effective date:* April 18, 2014.

*Prepared by:* Anna Henning, Staff Attorney

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature’s Web site at: <http://www.legis.wisconsin.gov>.