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# BOB JAUCH

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WISCONSIN STATE SENATOR

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## **Senator Jauch Testimony in Support of Assembly Bill 376**

Thank you for considering Assembly Bill 376 that Representative Milroy and I have introduced on behalf of a Wisconsin company that is experiencing undue financial burden because their unique business model isn't consistent with current state regulations.

In late 2012, Stella Jones, a manufacturer that specializes in the production of railway ties and timbers moved their processing plant from Duluth, Minnesota to Superior, Wisconsin and began the process of applying for a solid waste permit.

The company learned that while they exceed 5 of the 6 criteria laid out in State Statute to prove financial responsibility for possible clean-up costs, they do not meet the ratio of fixed assets to total assets because by the nature of their business they always have a large working inventory of railroad ties.

As a result, Stella Jones is required to purchase a \$40,000 performance bond to operate in the state. It is a costly and unnecessary financial burden to this new firm in Superior.

Under current law, the owner of a solid waste facility has to prove financial responsibility- that they have enough assets to cover the cost of closing the facility, any remedial actions that may be required, and the long-term care of the site to qualify for a solid waste permit in the state.

This proposal provides an alternative criteria to assure adequate financial viability. We have worked very closely with DNR officials in developing legislation that recognizes the unique characteristics of the Stella Jones Superior plant while making certain that the company will meet the same financial obligation for closure or clean-up as any other solid waste facility. To be clear, this bill does not exempt the company from any financial or environmental standards. They have the same financial and environmental obligations under this bill that they have under current law. All this bill does is create another way for them to demonstrate their ability to meet that obligation.

AB376 will eliminate the need for Stella Jones to purchase a costly bond in order to receive a solid waste permit by substituting new criteria that will assure that the company has the financial assets to cover the cost of closing the facility and make payments for any remedial actions that may be necessary.

Stella Jones is a solid company with a significant economic footprint in our state. They have two locations one in Bangor and the new facility in Superior employing 93 employees. They purchase ties from approximately 175 different sawmills, mostly located in Wisconsin and Michigan. In fact, about 70% of the ties they buy are purchased from sawmills in Wisconsin.

In addition they support a vast array of trucking companies as about 95% of their inbound product and 80% of their outbound product is carried by truck.

This bill is a sensible solution to help a Wisconsin business that supports Wisconsin jobs. I encourage your support.

**Testimony of DNR on AB 376**  
**Assembly Environment and Forestry Committee**  
**October 29, 2013**

Good morning, Mr. Chairman and committee members. My name is Brad Wolbert and I am the DNR section chief in charge of Recycling and Solid Waste. Thank you for this opportunity to testify, for information only, on Assembly Bill 376, relating to proof of owner financial responsibility for certain solid waste facilities.

Certain solid waste facility owners are required by Wisconsin law to ensure the availability of funds to close their facility in compliance with state and federal requirements. Under chapter 289 of the statutes, they may do this through several means including bonds, deposits, letters of credit and escrow accounts. A company may also fulfill its responsibility by showing that they satisfy a number of statutory financial criteria that reflect on the company's financial health and ability to pay for the facility's closure if they had to. This is called the Net Worth Method and that's what AB 376 is about.

A provision allowing a company to fail one of the tests currently exists in the statutes, but the company must show that it will satisfy the test in the future to qualify for this exemption. AB 376 attempts to address a very narrow situation where a specific type of company cannot satisfy one of the financial criteria -- in this case, the minimum net fixed assets to total tangible assets ratio of 0.3 -- necessary under existing law to qualify for the net worth method, and by virtue of its business model does not anticipate satisfying that criterion in the future. The bill would allow such a company to substitute two other financial criteria, a working capital ratio and a fixed charge coverage ratio, instead.

Thank you again, Mr. Chairman, and I'd be happy to answer any questions you or the committee members might have.