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and Technology

TO: Members of the Senate Committee on Natural Resources
FROM: Senator Robert Cowles
DATE: October 31, 2013
RE: Senate Bill 355

Chairman Kedzie and Members of the Committee:

Thank you for having a public hearing on Senate Bill 355 today. I am pleased to offer this bill and its Assembly companion, AB 444, with Rep. Murtha.

We are authoring SB 355 this session to eliminate state-imposed tipping fees on certain waste streams. This bill will lower costs for Wisconsin municipalities and businesses, while encouraging recycling and brownfields redevelopment. The bill also can aid in job creation in the growing recycling industry, as you will hear from others who will testify today.

Wisconsin's tipping fee was increased by \$7.10 in 2009 to \$13 per ton making it one of the highest such taxes in the nation. The increased tax has led to several unintended negative consequences, including higher costs for municipal recycling programs and brownfields cleanups, disincentives to recycle construction debris, and tax liability for government and private sector service providers that have non-paying customers.

SB 355 addresses these problems by:

- Exempting recycling plants used by local governments and businesses from the landfill tax on a portion of the residue produced during the sorting of recyclables. Many communities pay for recycling services through property taxes or utility fees, and this tax reduction would reduce those expenses. For businesses the increased cost to recycle is built into the price for the service.
- Eliminating the tipping fee on a portion of the residue produced by facilities licensed to recover recyclables from construction and demolition debris. This would encourage voluntary recycling of this nature by making it less costly to divert loads for recovery.
- Waiving the tipping fee on contaminated soils removed during brownfields remediation. This will free state and local brownfields funding for more constructive purposes.
- Allowing public and private landfill operators to seek a waiver from the DNR for taxes submitted to the state from customer accounts that can't be collected. Currently, landfill operators pay the tax to the state regardless of whether or not they have received payment from the customer for the taxes and service. This would allow a landfill operator to receive credit for unpaid taxes.

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Testimony of DNR on SB 355
Senate Natural Resources Committee
October 31, 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 Senate Bill 355, relating to environmental fees imposed on solid waste landfilled in Wisconsin.

The bill would waive the state's environmental fees for four types of landfilled solid waste:

- (1) Solid waste residuals from recycling facilities that handle paper, bottles, cans and the like;
- (2) Solid waste residuals from recycling facilities that handle construction and demolition materials like lumber, drywall, shingles and so forth;
- (3) Soil removed during the cleanup of a contaminated site that is undergoing remediation; and
- (4) Waste that was landfilled in situations where the landfill operator who accepted the waste was unable to collect its own fees to the customer disposing of the waste.

The landfill environmental fees top out at about \$13 per ton, depending on the origin and type of waste and how it is used at the landfill. These fees are deposited in the state's Environmental Fund and are used for a wide variety of environmental and public health programs, primarily in DNR but also in DHS, DATCP, DMA, DOC, the UW-System. A portion of the fund is also allocated to WEDC. The fiscal note indicates the approximate effect of the proposed fee waivers on the Environmental Fund.

Numerous waste types are exempt from part or all of the environmental fees already. The DNR maintains a fee schedule with 19 separate categories, 15 of which are subject to significantly reduced fees or no fees at all. This includes many industrial wastes, wastes used in landfill construction, sediments contaminated with PCBs, wastes generated by certain nonprofit organizations, and wastes generated from certain natural disasters. In some cases we have had difficulty verifying or auditing the use of these exemptions to ensure the appropriate fees are being paid and that the exemptions are not being over-reported, and some of the same issues may arise with the newly proposed exempt categories.

Regarding contaminated soils, this bill provides a disposal fee exemption for: contaminated soil removed during a cleanup of an industrial or commercial site that is "abandoned, idled or underused", which is the state definition of "brownfield." Implementing this provision would require the Department, waste hauler and landfill operator to determine which loads, or portions of loads, are contaminated soil, whether they were actually removed during a cleanup or some other construction activity, and whether the material actually came from a site that meets the definition of "brownfield" rather than from a different type of cleanup site. The determination of whether a site is a "brownfield" is somewhat subjective.

With respect to the proposed waiver of fees for materials recovery facility, or "MRF," residuals; the residual rates among the 60-odd MRFs active in recycling household materials in 2012 ranged from 0 percent to 33 percent. SB 355 caps the fee waiver at 10 percent, which is to say, landfilled residuals constituting more than 10 percent of a MRF's incoming materials stream would have to pay the fees. Only 6 of the ~60 MRFs exceeded the proposed cap rate, and nearly 80 percent of the MRFs managed to keep their residual rate below 5 percent.

Thank you, and I'd be happy to answer any questions you may have.



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MEMORANDUM

TO: Honorable Members of the Senate Committee on Natural Resources

FROM: Daniel Bahr, Legislative Associate *D.B.*

DATE: October 31, 2013

SUBJECT: Support for Senate Bill 355: Relating to fees imposed on the disposal of solid waste and hazardous waste

The Wisconsin Counties Association supports Senate Bill 355 (SB 355), a bill relating to fees imposed on the disposal of solid waste and hazardous waste at a licensed solid waste and hazardous waste disposal facility.

Under current law, generators of solid waste pay several fees based on the tonnage of solid waste disposed of at a solid waste facility. Operators of landfills collect the fees and a portion of those fees are paid by those operators, including counties, to the Department of Natural Resources (DNR). All of these fees are known as tipping fees.

The bill exempts from the tipping fees paid by operators to the DNR, soil removed during the cleanup of a contaminated site that is listed in DNR's database. The proposal also exempts from the tipping fees operators pay to the DNR, materials discarded as residue from a recycling facility.

The Wisconsin Counties Association supports SB 355 because the bill eliminates a portion of the fees that landfill operators would have to pay to the DNR for disposal of material. It is our view that this bill would have a positive economic impact on county waste and recycling facilities exempting them from various fees and in return would provide incentives that promote greater protection of the environment and public health. The Wisconsin Counties Association respectfully requests that the Senate Committee on Natural Resources support SB 355.



LANDFILL REDUCTION AND RECYCLING, INC.

Construction and Demolition Recycling



Overview

Open in January 2012, Landfill Reduction & Recycling is a construction and demolition (C&D) recycling facility designed to accept mixed and sorted loads of construction material. The facility is a WDNR licensed processing facility. The facility is over 30,000 sqft and sits on 5.5 acres in the Northeast Appleton Industrial Park. Currently, the company accepts 300-600 tons/day, processes 25-35 tons/hour, and has created 40+ full time jobs.



Materials Accepted

Landfill Reduction & Recycling accepts and processes materials from new commercial and residential construction, renovation, and complete demolition projects in addition to commercial packaging (pallets, cardboard, etc) and wood waste. Materials come from private and public waste hauling companies, demolition contractors, as well as from public and private transfer stations.

Processing the Materials

Landfill Reduction uses a semi-automated sorting system to maximize recycling efficiency. The system is similar to many other C&D facilities throughout the United States and is made up of conveyors, screens, heavy equipment, magnets, and manual separation. Landfill Reduction's recycling rates fall within the industry's average recycling rates.

Landfill Reduction Recycling Partners

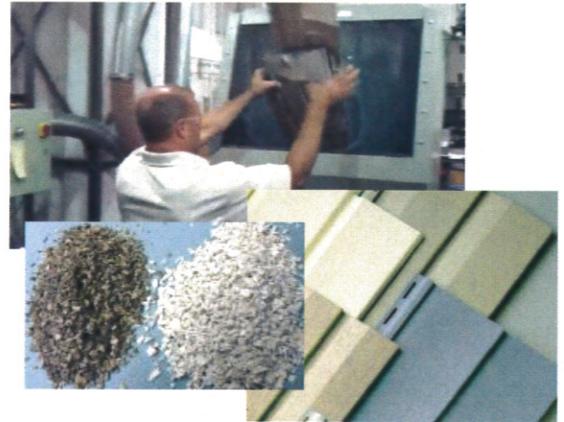


Landfill Reduction: Recycling Rates

Sorted Materials	End Use	Distribution
Fines	Daily Cover at Landfills in Place of Virgin Soil	25.49%
Clean Wood	Boiler Fuel, Mulch, Animal Bedding	25.81%
Mixed Aggregates	Parking Lots, etc	5.70%
Drywall	Gypsum, landspread on fields to improve soil	1.97%
Metals	Metal Processor	3.44%
Vinyl Siding	Reprocessed to make PVC piping and new Vinyl Siding	0.28%
Cardboard	Repulped for new Cardboard	1.20%
Shingles	Added to Hotmix Asphalt for Roadways	6.99%
Carpet & Pad	New pad, plastic extracted from carpet to make plastic parts	0.26%
Unrecyclables	Landfilled	28.86%
Total		100.00%
Total Recycled		71.1%

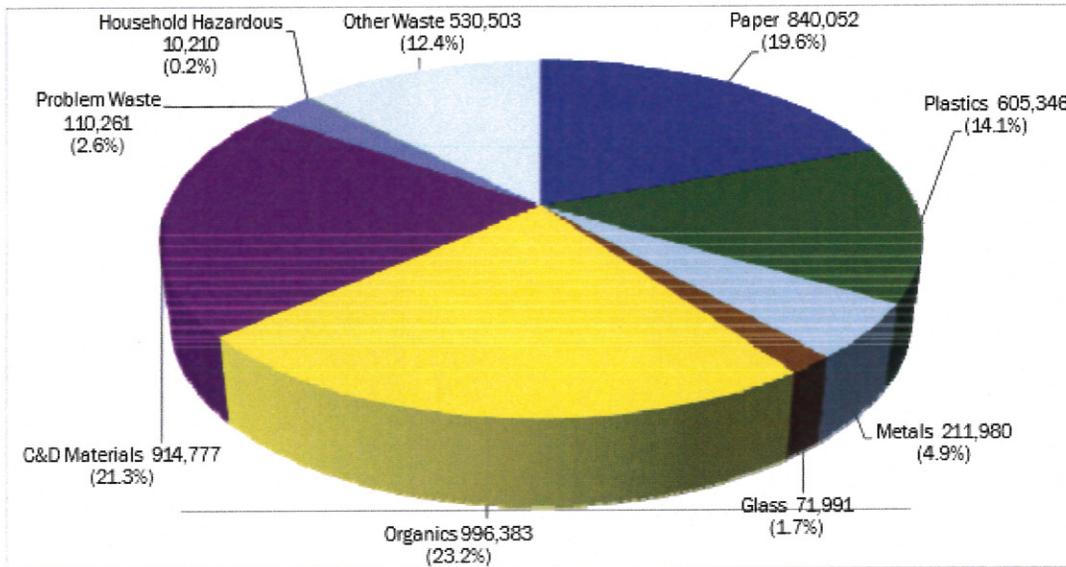


Supporting Wisconsin Industry



Potential for Growth

Figure ES-1 2009 Statewide Waste Composition by Material Group



Source: WDNR 2009 Wisconsin State-Wide Waste Characterization Study

WI General Waste: 4,000,000 – 5,000,000 tons/year
C&D: 850,000 – 1,000,000 tons/year

**CONSTRUCTION &
DEMOLITION
RECYCLING**

HIGH-VOLUME MIXED C&D SORTING FACILITIES 2012

