



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

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Joint Committee on Finance

Paper #696

Dump Closure Grants (DNR -- Air, Waste and Contaminated Land)

CURRENT LAW

The dump closure grant program provides grants to political subdivisions (cities, villages, towns, counties or town sanitary districts) that own or operate nonapproved solid waste landfill sites, to assist in closing the landfill. The grant is 50% of the amount by which the eligible costs exceed an amount equal to \$10 multiplied by the population of the political subdivision. Grants are paid in ten equal payments over a ten-year period. Individual grants are limited to \$400,000. DNR is required to prorate grant awards if necessary to prevent total payments from exceeding \$20,000,000 over ten years. The first grants were awarded in 1991-92, and additional grants were awarded in 1992-93 and 1993-94. In 2000-01, \$1,247,700 GPR is provided under a continuing appropriation.

GOVERNOR

No provision.

DISCUSSION POINTS

1. DNR accepted dump closure grant applications in 1991-92, 1992-93 and 1993-94 and awarded 396 grants totaling \$14,459,900. The total amount awarded is less than the \$20,000,000 statutory limit on total payments.

2. The Department made the first grant payments in 1991-92 for 278 grants and made the final (10th) payment for those awards in 2000-01 to receive 100% of the grant award. In 2000-01, the 97 grant applicants in 1992-93 received their ninth payment to receive a total of 90% of the grant award, and the 21 applicants in 1993-94 received their eighth payment to receive 80% of the grant award. The table shows the awards and payments made under the program between 1991-92

and 2000-01. In accordance with the statutory provisions that DNR make grant payments over a 10-year period, DNR does not plan to make further grant payments under the program.

Dump Closure Grant Awards

Application Year	Number of Grants	Total Award	Total Paid
1992	278	\$10,625,469	\$10,625,469
1993	97	2,875,720	2,588,148
1994	<u>21</u>	<u>958,718</u>	<u>766,974</u>
Total	396	\$14,459,907	\$13,980,591

3. While the statute requires DNR to pay grants over a 10-year period, the statute also specifies that each grant payment shall equal 10% of the total grant to a political subdivision. The statute may have contemplated that all grant applications would have been received in one year, and that all grant recipients would have received their final payment 10 years later. However, since initial grants were awarded over a three-year period, these two provisions could be viewed as contradictory.

4. Under the bill, DNR will make no further grant payments and will not expend the \$1,247,700 appropriation in either 2001-02 or 2002-03 or the \$300 continuing appropriation balance that has accumulated over the years as payments were slightly less than the appropriated amount. Because the appropriation is continuing the unexpended funds would not lapse to the general fund unless legislative action is taken.

5. Consistent with the DNR statutory interpretation and municipal expectations since 1994, the program could be ended in the 2001-03 biennium by repealing the appropriation and program on the effective date of the bill and eliminating GPR expenditure authority of \$1,247,700 in each year of the biennium. In addition, \$300 GPR would lapse to the general fund in 2001-02. Under this alternative, grant applicants in 1992-93 and 1993-94 would receive no further payments and would receive a total of 90% and 80%, respectively, of their original grant award.

6. Alternatively, the statutes could be amended to specify that all grant applicants receive 10 years of grant payments. Under this alternative the GPR appropriation could be reduced by \$864,500 to provide \$383,500 in 2001-02, including the \$300 current appropriation balance, to make 10th year payments to the 97 1992-93 applicants and ninth year payments to the 21 1993-94 applicants. The GPR appropriation could be reduced by \$1,151,800 to provide \$95,900 in 2002-03 to make 10th year payments to the 21 1993-94 applicants. The appropriation and program could be repealed on June 30, 2003. The 118 local governments that would receive payments under this alternative are located in 49 counties and would receive payments ranging from \$10 to \$80,000.

ALTERNATIVES TO BASE

1. Specify that dump closure grant recipients who applied for the program in 1992-93 and 1993-94 are eligible for 10 annual payments, and each payment would equal 10% of the total grant to the political subdivision. Repeal the program and appropriation on June 30, 2003. Reduce the GPR appropriation by \$864,500 in 2001-02 (payments would total the \$383,200 in expenditure authority and \$300 appropriation balance) and by \$1,151,800 in 2002-03 to provide \$95,900. No payments would be made after 2002-03.

<u>Alternative 1</u>	<u>GPR</u>
2001-03 FUNDING (Change to Base)	- \$2,016,300
<i>[Change to Bill</i>	<i>- \$2,016,300]</i>

2. Repeal the dump closure appropriation and program and eliminate \$1,247,700 GPR in each year. (There would be a \$300 lapse to the general fund on the effective date of the bill.) No payments would be made under the program after 2000-01.

<u>Alternative 2</u>	<u>GPR</u>
2001-03 REVENUE (Change to Base)	\$300
<i>[Change to Bill</i>	<i>\$300]</i>
2001-03 FUNDING (Change to Base)	- \$2,495,400
<i>[Change to Bill</i>	<i>- \$2,495,400]</i>

3. Maintain current law. No grant payments would be made. The appropriation account balance would be \$2,495,700 on June 30, 2003.

Prepared by: Kendra Bonderud