



Environmental Management Account

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Environmental Management Account

Introduction

The segregated environmental fund consists of two separate accounts: (1) the environmental management account; and (2) the nonpoint account. The two accounts are statutorily designated as one fund but are tracked separately. This paper provides an overview of the revenues deposited in the environmental management account and expenditures made from the account. For more information about selected programs funded from the environmental management account, see the Legislative Fiscal Bureau informational papers entitled, "Contaminated Land Cleanup Programs" and "Recycling Financial Assistance Programs."

The nonpoint account supports programs primarily housed in the Department of Natural Resources (DNR) and the Department of Agriculture, Trade and Consumer Protection (DATCP) related to abatement of runoff from agricultural and urban sources. For information about the nonpoint account, see the Legislative Fiscal Bureau informational paper entitled, "Nonpoint Source Pollution Abatement and Soil Conservation Programs."

The environmental management account receives revenues primarily from several state solid waste tipping fees paid by Wisconsin landfills for each ton of solid waste disposed in the landfill. State tipping fees total \$12.997 per ton, including \$9.64 deposited in the environmental management account, \$3.20 in the nonpoint account, and \$0.157 in other accounts. Several other environmental fees and revenues are also deposited in the environmental management account.

Under 2011 Wisconsin Act 32, revenues and most programs related to recycling were transferred to the environmental management account

from the former recycling fund, which was eliminated.

The environmental management account provides funding for: (a) recycling financial assistance to local governments (funded from the recycling fund prior to 2011-12); (b) DNR administration of contaminated land, brownfields cleanup, and recycling programs, including staff in remediation and redevelopment, solid waste management, air management, groundwater management, and central administrative programs; (c) brownfields grant programs; (d) debt service costs for general obligation bonds issued for state-funded cleanup of contaminated land and sediment; (e) state-funded cleanup of contaminated properties where there is no responsible party able or willing to pay for the cleanup; (f) debt service costs for general obligation bonds issued under the former point source water pollution abatement grant program, which ended in 1990; (g) certain environmental and recycling programs in DATCP, and the Departments of Corrections, Health Services, and Military Affairs; and (h) remediation of specific sites using moneys received under court-approved settlement agreements or orders (primarily for Fox River cleanup). The Appendix shows all appropriations from the account.

Solid Waste Tipping Fees

Solid waste is subject to Wisconsin tipping fees for each ton of solid waste disposed of in landfills, except for certain materials used for lining, daily cover, capping or constructing berms, dikes or roads within the facility, or waste subject to certain other statutory fee exemptions. Landfill operators pay the fees to DNR, and recover the

cost of the fees from generators who dispose of waste at the landfill.

In the 2015-17 biennium, 90% of revenue to the environmental management account (excluding certain site-specific revenue) is anticipated to be received from the recycling, environmental repair, groundwater, and well compensation solid waste tipping fees.

Tipping Fee Rates

Table 1 shows the current state tipping fee rates per ton. State tipping fees are assessed totaling \$12.997 per ton for municipal solid waste and non-high-volume industrial waste disposed of in state landfills. Certain wastes are assessed lower fee rates or are exempt from some or all tipping fees. Four separate state tipping fees are deposit-

ed in the environmental management account, and total \$9.64 per ton for most non-high-volume industrial waste. Table 1 also shows the three fees, totaling \$3.357 per ton, that are deposited in the nonpoint account and in two program revenue (PR) accounts.

Municipal and non-high-volume industrial waste is generally subject to the full \$12.997 per ton of fees, and includes solid waste generated by residences, business, commercial, government facilities, construction and demolition, and industrial uses that are not high-volume. High-volume industrial waste includes fly ash, bottom ash, paper mill sludge and foundry process waste. Table 1 shows that high-volume waste is assessed tipping fees totaling \$0.497 per ton, and is exempt from the recycling and nonpoint tipping fees.

Table 1: State Solid Waste Tipping Fees Per Ton

Fund, Fee	Type	Municipal and Non-High-Volume Industrial Waste	High-Volume Industrial Waste	PCB-Contaminated Sediment
Environmental management account - Recycling (recycling fund prior to 2011-12)	SEG	\$7.000	\$0.000	\$0.000
Environmental management account - Environmental repair	SEG	2.500	0.200	0.850
Environmental management account - Groundwater	SEG	0.100	0.100	0.100
Environmental management account - Well compensation	SEG	<u>0.040</u>	<u>0.040</u>	<u>0.040</u>
Subtotal Environmental Management		\$9.640	\$0.340	\$0.990
Nonpoint account	SEG	3.200	0.000	3.200
DNR Solid Waste landfill administration	PR	0.150	0.150	0.150
DOA Solid Waste Facility Siting Board	PR	<u>0.007</u>	<u>0.007</u>	<u>0.007</u>
Subtotal Nonpoint/Program Revenue Accounts		\$3.357	\$0.157	\$3.357
Total State Tipping Fee		\$12.997	\$0.497	\$4.347

-High-volume industrial waste includes fly ash, bottom ash, paper mill sludge and foundry process waste.

-Municipal and non-high-volume industrial waste includes solid waste generated by residences, business, commercial, government facilities, construction and demolition, and industrial uses that are not high-volume.

-PCB (polychlorinated biphenyls) contaminated sediments are subject to the rates in the table if they are removed from a navigable water of the state in connection with a phase of a project to remedy contamination of the bed of the navigable water, and the quantity of sediments removed will exceed 200,000 cubic yards. If the PCB sediments do not meet these criteria, they are subject to the fees for non-high-volume industrial waste.

-Waste used as daily cover, lining, capping or constructing berms, dikes or roads in the facility is exempt from the fees if use for that purpose is approved by DNR and the waste is used in that way.

Table 2 shows the changes in the recycling, environmental repair, and nonpoint tipping fee rates, and the date the change was effective. The recycling tipping fee was created in 1999 Wisconsin Act 9, at a rate of 30¢ per ton, effective for waste disposed of in Wisconsin landfills on or after January 1, 2000. The recycling fee was deposited in the segregated recycling fund prior to 2011-12.

Table 2: Tipping Fee Rate Changes - Municipal Solid Waste

Time Period	Fee Rate
Recycling Fee	
January 1, 2000 to December 31, 2001	\$0.30
January 1, 2002 to October 31, 2007	3.00
November 1, 2007 to September 30, 2009	4.00
October 1, 2009 and thereafter	7.00
Environmental Repair Fee	
Prior to November 1, 2007	\$0.50
November 1, 2007 to June 30, 2009	0.85
July 1, 2009 and thereafter	2.50
Nonpoint Fee	
November 1, 2007 to June 30, 2009	\$0.75
July 1, 2009 and thereafter	\$3.20

The recycling and solid waste landfill administration tipping fees are assessed and collected quarterly. The other environmental management (environmental repair, groundwater, and well compensation), nonpoint, and Solid Waste Facility Siting Board fees are assessed annually in May for tons disposed of during the previous calendar year. Most of the annual fees are received by DNR in June or July. For example, tons landfilled in 2015 were assessed tipping fees by DNR in May of 2016, and the fees were received primarily in the 2015-16 fiscal year, which ended on June 30, 2016. However, sometimes there is a time lag between billing and collections. For example, a sizable amount, approximately \$2.4 million, of tipping fees assessed in 2013-14 were not received until 2014-15.

State recycling tipping fees paid by municipalities are exempt from the budget test under the

expenditure restraint program. Other tipping fees are not subject to this provision.

The DNR solid waste landfill administration PR appropriation funds DNR administration of: (a) landfill plan review and licensing; (b) licensing of solid waste collectors and transporters; and (c) plan review and licensing of hazardous waste facilities and transporters. The waste facility siting tipping fee supports the Solid Waste Facilities Siting Board, attached to the Department of Administration (DOA). The Board supervises mandated negotiation and arbitration procedures related to the siting of solid or hazardous waste facilities.

In addition to the environmental repair tipping fee shown in Table 1, nonapproved (certain older) facilities pay 1.5¢ per ton of solid non-hazardous waste disposed and 15¢ per ton of hazardous waste. (There are no hazardous wastes disposed of in Wisconsin-licensed facilities at this time and thus, no revenue is generated from hazardous waste tonnage fees.)

Tons of Solid Waste

Table 3 shows the total tons of solid waste disposed of in Wisconsin landfills for the past six years of available data. Tonnages are shown on a calendar-year basis, and fees are mostly received before the end of the succeeding fiscal year. Table 3 shows that the total tons of waste sent to landfills in recent years increased from 8.3 million tons in 2010 to 8.7 million tons in 2012, then decreased to 8.2 million tons in 2015. The 2006 disposal total of over 11.2 million tons marked a record high. Table 3 reflects some variability in annual tonnages for certain categories, and such variability in waste categories may impact total annual tons subject to fees. An example of such variation would be an increase in contaminated sediment from remediation projects in the Fox River and the Sheboygan River deposited in landfills in 2012.

Table 3: Tons of Solid Waste Landfilled in Wisconsin, by Category and Year

Type of Waste	2010	2011	2012	2013	2014	2015
Municipal solid waste and construction and demolition waste	4,568,074	4,443,342	4,358,897	4,217,321	4,373,568	4,330,987
Other non-high-volume industrial waste	510,689	809,264	714,297	495,227	601,772	686,108
PCB-contaminated sediment *	385,265	124,713	833,588	295,865	342,970	336,724
Unusable paper-making materials *	54,429	41,680	55,358	71,863	75,476	75,303
Certain waste from nonprofits that operate recycling programs *	<u>7,471</u>	<u>9,101</u>	<u>8,620</u>	<u>13,812</u>	<u>17,110</u>	<u>18,914</u>
Subtotal tons subject to nonpoint tipping fee	5,525,928	5,428,100	5,970,760	5,094,088	5,383,896	5,448,036
Percent change in tons subject to nonpoint tipping fees	---	-1.8%	10.0%	-14.7%	5.7%	1.2%
High-volume industrial waste **	914,262	1,045,635	880,082	1,136,766	1,223,081	1,185,236
Tons subject to state statutory tipping fees	6,440,190	6,473,735	6,850,842	6,230,854	6,606,977	6,633,272
Tons used for daily cover at landfills***	1,829,755	1,570,164	1,858,597	1,619,116	1,557,816	1,462,313
Certain waste generated from a natural disaster	0	0	403	0	275	0
Materials recovery facility residues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>124,378</u>
Subtotal tons exempt from all state statutory tipping fees ****	1,829,755	1,560,164	1,859,000	1,619,116	1,558,091	1,586,691
Total waste landfilled in Wisconsin	8,269,945	8,043,899	8,709,842	7,849,970	8,165,068	8,219,963
Percent change in total tons landfilled in Wisconsin	---	-2.7%	8.3%	-9.9%	4.0%	0.7%
Portion of landfilled tons from out-of-state	526,437	425,986	385,736	375,266	347,253	328,413

*Subject to reduced rates for, or exemption from, other state tipping fees.

**Includes utility power plant ashes and sludges, pulp and papermill waste, foundry manufacturing waste, and energy recovery incinerator ash.

***Wastes used at landfills for daily cover, lining, capping, or constructing berms, dikes or roads.

****DNR assesses the \$0.15 per ton landfill license surcharge under administrative code to materials recovery facility residues but not to the daily cover and natural disaster wastes.

Source: DNR compilation of annual reports submitted by landfills.

Tipping Fee Collections

Table 4 shows total state tipping fee collections from fiscal years 2012-13 through 2015-16, by tipping fee category. The actual collections varied from year to year because of differences in the timing of assessments and collections, and differences in the number of tons of waste subject to fees. For example, approximately \$3.1 million in environmental solid waste tipping fees assessed in 2011-12 for calendar year 2011 wastes were collected in 2012-13. In 2012-13, collections totaled \$78.6 million, partly due to the

2011-12 assessments collected in 2012-13. Approximately \$2.4 million in environmental solid waste tipping fees assessed in 2013-14 for calendar year 2013 was collected in 2014-15, and collections totaled \$71.7 million in 2014-15.

In addition to the statutory tipping fee collections, 2013 Act 20 directed that a one-time transfer of environmental repair tipping fees be made from the environmental management account to the nonpoint account in the 2013-15 biennium. The transfer included \$650,000 in 2013-14 and \$1,300,000 in 2014-15. The transfer is not in-

Table 4: State Solid Waste Tipping Fee Revenue Collections

Fee	2012-13	2013-14	2014-15	2015-16*
Environmental Management Account				
Recycling	\$34,169,000	\$33,043,500	\$34,700,500	\$34,578,400
Environmental Repair	17,842,800	10,268,100	15,151,300	13,910,800
Groundwater	848,100	538,600	741,000	691,000
Well compensation	<u>363,700</u>	<u>215,400</u>	<u>296,400</u>	<u>276,400</u>
EMA Subtotal	\$53,223,600	\$44,065,600	\$50,889,200	\$49,456,600
Nonpoint Account	24,399,100	13,432,800	19,822,700	18,190,600
DNR Solid waste landfill administration	932,800	1,006,100	990,400	989,300
DOA Waste Facility Siting Board	<u>59,400</u>	<u>37,700</u>	<u>29,800</u>	<u>48,300</u>
Total	\$78,614,900	\$58,542,200	\$71,732,100	\$68,684,800

* 2015-16 includes estimated revenues. As of December 1, 2016, DNR had not finalized actual revenues.

cluded in Table 4.

Waste Subject to Reduced Tipping Fees

PCB-Contaminated Sediments. 2003 Wisconsin Act 33 exempted from the recycling tipping fee all sludges, river sediments, or dredged materials that contain PCBs (polychlorinated biphenyls) that are removed in connection with the remediation of contaminated sediments in a navigable water of the state, if the total quantity of the removed materials, either in an individual phase or in combination with other planned phases of remediation, will exceed 200,000 cubic yards. This exemption applies mainly to sediments dredged from the Fox River cleanup project, and, to a smaller extent, other large harbor contaminated sediment cleanups such as in the Sheboygan River. Qualifying PCB-contaminated wastes pay tipping fees totaling \$4.347 per ton. If the PCB sediments do not meet these criteria, they are subject to the \$12.997 per ton fee for non-high-volume industrial waste.

Under 2009 Wisconsin Act 28, when the environmental repair tipping fee was increased from \$0.85 to \$2.50 per ton for non-high-volume in-

dustrial waste, the fee rate for PCB-contaminated sediment was maintained at \$0.85 per ton if it meets the same eligibility criteria required for the recycling tipping fee exemption.

In calendar years 2004 through 2015, a total of 2,660,700 tons of contaminated sediments, primarily from the Fox River cleanup project, were disposed of in Wisconsin landfills, and were subject to reduced state tipping fees. This included 343,000 tons in 2014 and 336,700 tons in 2015. It is expected that approximately 350,000 tons may be landfilled under the provision in 2016.

Unusable Paper Making Materials. 2005 Wisconsin Act 25 exempted from the recycling tipping fee, waste material that is removed from recycled materials intended for use as recycled fiber by a person that makes paper, pulp, or paperboard from wastepaper, if the waste material cannot be used to make paper, pulp, or paperboard. These wastes are assessed \$5.997 per ton in state tipping fees. In calendar years 2005 through 2015, a total of 500,000 tons was exempt from the recycling tipping fee under the provision, including 75,500 tons in 2014 and 75,300

tons in 2015.

Waste From Nonprofits With Recycling Programs. 1999 Wisconsin Act 9 exempted solid waste from the recycling tipping fee if it is disposed of by a nonprofit organization that provides services and programs for people with disabilities, or that primarily serves low-income persons, and that derives a portion of its income from the operation of recycling and reuse programs, if that waste is not commingled with waste that is subject to the tipping fee. These wastes are assessed \$5.997 per ton in state tipping fees. In calendar years 2009 (the first year DNR tracked this exemption separately) through 2015, a total of 82,700 tons were exempt from the recycling tipping fee under the provision, including 17,100 tons in 2014 and 18,900 tons in 2015.

Mining Waste. Ferrous and nonferrous mining wastes disposed of in mining waste landfills are subject to lower tipping fees than the fee rates shown in Table 1. Ferrous (iron) prospecting or mining wastes disposed at a site covered by a mining permit are subject to tipping fees of 2.7¢ per ton, including 1¢ for environmental repair, 1¢ for groundwater and 0.7¢ for the waste facility siting fee. Nonferrous mining wastes are subject to the same 2.7¢ per ton, plus the \$7 recycling tipping fee (\$7.027 total). No mining waste was disposed of in the state in recent years.

Waste Exempt from State Statutory Tipping Fees, but Assessed Landfill License Surcharge

Materials Recovery Facility Waste Residue. 2013 Wisconsin Act 301 exempts certain residual waste from qualified materials recovery facilities (MRFs) from all state tipping fees, effective with waste disposed of on or after January 1, 2015. DNR assesses this waste the \$0.15 landfill license surcharge under administrative code. The exemption is subject to the following caps: (a) for a construction and demolition MRF, 30% of the total weight of material accepted by the facility; and (b)

for any other MRF, 10% of the total weight of material accepted by the facility.

A qualified materials recovery facility is defined as either: (a) a facility defined in s. 287.27 of the statutes as a facility where the recyclable materials that are banned from landfills (for example, aluminum or glass containers, newspaper, and cardboard), not mixed with other solid waste, are processed for reuse or recycling, if the operator of the MRF is self-certified under administrative code NR 544.16, and the facility is in compliance with its approved plan of operation; or (b) a facility at which materials generated by construction, demolition, and remodeling of structures are processed for recycling if the facility is licensed under Chapter 289 of the statutes as a solid waste processing facility, the approved plan of operation for the facility requires the reporting of the volume or weight of materials processed, recycled, and discarded as residue, and the facility is in compliance with its approved plan of operation.

In calendar year 2015, the first year of the exemption, a total of 124,400 tons were exempt from statutory tipping fees under the provision.

Waste Generator Bad Debt. 2013 Wisconsin Act 301 exempts certain waste generator bad debt from all state statutory tipping fees. DNR assesses this waste the \$0.15 landfill license surcharge under administrative code. Effective with waste disposed of on or after January 1, 2015, if a person who disposes of solid waste at a licensed solid waste facility (landfill) or hazardous waste disposal facility fails to pay the tipping fees and the disposal charges imposed by the landfill operator within 120 days after the date of disposal, the landfill owner or operator may submit an affidavit to DNR that includes the following: (a) identifying information for the person that failed to pay the tipping fees; (b) a description of the efforts made to collect the overdue fees; and (c) a commitment that the operator will not accept any more solid waste from the person until the overdue tipping fees are paid.

When DNR receives the affidavit, the Department is required to: (a) refund any amount of the overdue tipping fees that the owner or operator paid to DNR for the person; and (b) grant a waiver to the owner or operator from the requirement to pay DNR any more of the overdue tipping fees owed by the person. If the person later pays the overdue tipping fees to the owner or operator, the owner or operator would be required to pay the tipping fees it receives to DNR. As of June 30, 2016, no landfill owner or operator had submitted an affidavit to claim an exemption under the provision.

Waste Exempt from All State Tipping Fees

Landfill Daily Cover. Solid waste is exempt from all state statutory tipping fees if it is used by landfills for daily cover, capping or constructing berms, dikes or roads in the facility, if the purpose is approved by DNR and the waste is used in the approved way. In addition, DNR also exempts the waste from the \$0.15 per ton landfill license surcharge. Exempt material can include industrial waste, shredder fluff, treated contaminated soil, and other approved wastes used for daily cover. This included 1,557,800 tons in 2014 and 1,462,300 tons in 2015.

Waste from Natural Disasters. 2011 Wisconsin Act 32, effective July 1, 2011, exempted from all state statutory tipping fees, waste generated from a natural disaster (a severe natural or human-caused flood, or a severe tornado, heavy rain, or storm) under certain conditions. In addition, DNR exempts the waste from the \$0.15 per ton landfill license surcharge. The statutes provide the exemption if all of the following apply: (a) the natural disaster resulted in a federal or state declaration of disaster; (b) the solid waste materials generated in the natural disaster were disposed of in a landfill within 60 days after the occurrence of the natural disaster; (c) the solid waste materials were generated within a municipality that was included in the federal or state disaster declaration; and (d) the solid waste mate-

rials were removed as part of the disaster recovery effort and were segregated from other solid wastes when delivered to the landfill. In calendar years 2011 through 2015, 700 tons were exempt from all state tipping fees under the provision, including 400 in 2012, no tons in 2013 or 2014, and 300 in 2015.

Waiver from Fees for Certain Waste Removal Activities. 2013 Wisconsin Act 333, effective April 25, 2014, authorizes DNR to grant a waiver from all state tipping fees to a person who the Department requests to participate in waste removal activities to mitigate potential environmental impacts. DNR has determined that it would also grant a waiver from the \$0.15 landfill license surcharge fee. The Department is required to first determine that granting a waiver from the fees will provide an incentive for the person to participate in those activities. The waiver covers only the fees for the solid or hazardous waste disposed of as a result of the waste removal activities requested by DNR. In 2014, DNR was aware of one facility (a bankrupt facility near Beloit) where up to 25,000 tons of waste might qualify for an exemption of up to approximately \$325,000 in state tipping fees. However, to date the exemption has not been used at this site, or at any other site in the state.

Other Account Revenues

In addition to the \$9.64 per ton state tipping fee, several other sources provide the remaining 10% of revenues deposited in the environmental management account in the 2015-17 biennium. These revenues include a transfer from the segregated petroleum inspection fund, several license and other environmental fees, and revenues received for designated purposes.

Table 5 shows the actual amount of revenue received in the environmental management account from every revenue source from 2012-13

Table 5: Environmental Fund Revenues for the Environmental Management Account, 2012-13 through 2015-16

Revenue Source	2012-13	2013-14	2014-15	2015-16*
Recycling Tipping Fee	\$34,169,000	\$33,043,500	\$34,700,500	\$34,578,400
Environmental Repair Tipping Fee **	17,842,800	10,268,100	15,151,300	13,910,800
Groundwater Tipping Fee **	848,100	538,600	741,000	691,000
Well Compensation Tipping Fee **	363,700	215,400	296,400	276,400
Transfer to Nonpoint Account	0	-650,000	-1,300,000	0
Petroleum Inspection Fund	1,704,800	1,704,800	1,704,800	1,704,800
Pesticide and Fertilizer Fees	1,560,000	1,625,400	1,517,700	1,591,800
Hazardous Waste Generator Fee	944,000	977,600	874,100	1,161,500
Site-Specific (Fox River) Remediation	795,200	1,164,500	8,370,500	97,200
Sanitary Permit Groundwater Fee	236,500	265,500	273,500	283,400
Hazardous Spill Reimbursement	155,500	259,300	190,300	45,200
Electronics Recycling Fee	329,200	320,500	329,500	426,100
Nonmetallic Mining Fees	210,200	215,200	204,800	211,000
Environmental Assessment	128,400	192,200	164,600	96,400
Land Disposal Permit	63,100	58,000	50,900	75,500
Civil Action Damages	85,500	97,500	21,500	5,400
Bulk Tank Surcharge	20,900	24,100	22,600	59,000
Septic System Servicing Fee	42,500	4,600	39,600	3,000
Environmental Repair Base Fee and Surcharge	4,000	1,900	2,100	2,100
Cooperative Remedial Action	0	0	0	0
Investment Income	23,000	5,900	15,900	1,500
Agrichemical Management Fund - one-time	0	750,000	0	0
Miscellaneous Revenue	<u>39,300</u>	<u>14,700</u>	<u>16,600</u>	<u>76,400</u>
Total	\$59,565,700	\$51,097,200	\$63,388,200	\$55,296,900

* 2012-13 through 2014-15 include actual amounts. 2015-16 includes estimated revenues. As of December 1, 2016, DNR had not finalized 2015-16 actual revenues.

**Approximately \$3.1 million in environmental solid waste tipping fees assessed in 2011-12 for calendar year 2011 was collected in 2012-13. Approximately \$2.4 million in environmental solid waste tipping fees assessed in 2013-14 for calendar year 2013 was collected in 2014-15.

through 2015-16.

Petroleum Inspection Fund. An annual transfer of \$1,704,800 is made from the segregated petroleum inspection fund to the environmental management account. A petroleum inspection fee of 2¢ per gallon is assessed on all petroleum products brought into the state. The fee generates approximately \$76 million annually. Petroleum inspection fee revenues are deposited in the segregated petroleum inspection fund and are used, in part, to fund cleanup of petroleum-contaminated sites under the Petroleum Environmental Cleanup Fund Award (PECFA) program. For more information on the other uses of

the petroleum inspection fund, see the Legislative Fiscal Bureau information paper entitled, "Petroleum Environmental Cleanup Fund Award (PECFA) Program."

Pesticide and Fertilizer Fees. License fees are assessed annually on manufacturers and labelers of pesticides and collected by DATCP. Of the total registration fee (which ranges from \$265 to more than \$3,060 based on the annual sales), \$124 for each household pesticide product licensed and \$94 for each nonhousehold pesticide product licensed is deposited in the environmental management account. The remaining fees are deposited in the segregated agrichemical man-

agement fund.

License applicants also pay a cleanup surcharge, which is deposited in the environmental management account, for nonhousehold pesticide products that are wood preservatives solely labeled for use on wood and that contain pentachlorophenol or coal tar creosote. The surcharge ranges from \$5 if sales of the product in the state are less than \$25,000 to 1.1% of gross revenues if sales of the product exceed \$75,000 in the state.

Producers of pesticides must pay a well compensation fee of \$150 annually, which DATCP deposits into the environmental management account.

Finally, persons who sell or distribute fertilizer or who distribute a soil or plant additive in Wisconsin are required to pay a groundwater fee of 10¢ per ton of fertilizer, with a minimum fee of \$1 for aggregate sales of 10 tons or less. Fees are deposited in the environmental management account.

Hazardous Waste Generator Fee. A \$350 base fee for small-quantity generators or \$470 for large-quantity generators plus \$20 per ton is charged to all generators of hazardous waste that are required to report annually to DNR under the state's hazardous waste law. Producers of at least 220 pounds of hazardous waste in any month report annually and pay both the base fee and tonnage fee, but are exempt from the tonnage fee if the waste is: (a) recovered for recycling or reuse; (b) leachate being transported to a wastewater treatment plant; or (c) removed from the site as part of an environmental cleanup project. The maximum fee for a single generator is \$17,500.

Site-Specific (Fox River) Remediation. Certain revenues are deposited in the environmental management account for remediation at specific sites. The moneys can only be expended for the purposes received and are not available for other

appropriations from the account. The revenues include all moneys received: (a) in settlement of actions initiated under federal CERCLA regulations (Comprehensive Environmental Response, Compensation and Liability Act); and (b) all moneys received under court-approved settlement agreements or orders, in settlement of actions or proposed actions for violations of environmental statutes, that are designated to be used to restore or develop environmental resources, to provide restitution or to make expenditures required under the order or agreement. Almost all of the revenues received to date relate to cleanup of PCBs in a stretch of the Fox River from Lake Winnebago to Green Bay.

Sanitary Permit Groundwater Fee. Local governments are required to issue a sanitary permit and charge a fee before a person may install any private onsite wastewater treatment system. In addition, the local government that issues the sanitary permit is required to collect a \$25 groundwater fee and pay it to the Department of Safety and Professional Services (DSPS), which then deposits the groundwater fee in the environmental management account. DSPS rules require the local government to charge a sanitary permit fee that totals at least \$141, and send \$100 of the total to DSPS. The \$100 includes the \$25 groundwater fee deposited in the environmental management account, and \$75 deposited in a DSPS program revenue account for DSPS administration of the sanitary permit program. (The local government keeps \$41 of the \$141, or more if the local government sets a higher total fee.)

Hazardous Spill Reimbursement. When DNR cleans up hazardous substances spills with state funds, it seeks compensation from responsible parties. The compensation is deposited in the environmental management account and varies considerably by year. DNR may also recover its costs of remedying adverse effects upon the waters of the state resulting from the unlawful discharge or deposit of pollutants in the waters.

Electronics Recycling Fees. Manufacturers of certain electronics devices (such as televisions, computers, computer monitors, facsimile machines, digital video disc players, and video cassette recorders) are required to register with DNR, and pay annual registration fees based on the number of covered electronic devices it sold in the state in the previous program year. The fees include: (a) \$0, if less than 25 devices were sold; (b) \$1,250 if 25 to 249 devices were sold; and (c) \$5,000 if at least 250 devices were sold. A manufacturer also pays a shortfall fee if it does not meet its recycling target, that is, it recycles fewer electronic devices than it sells. The electronics recycling fees can only be used for administration of the electronics recycling program and are not available for expenditure by other appropriations under the environmental management account.

Nonmetallic Mining Fees. 71 counties were required to enact and administer a nonmetallic (generally sand and gravel) mining reclamation ordinance for closure and restoration of the mine site. (Milwaukee County is not required to adopt an ordinance because all municipalities within the county with sand or gravel mines adopted ordinances.) In addition to the county requirement, towns, villages and cities may adopt and administer local mining reclamation ordinances. A county or municipality with an ordinance collects annual fees to cover the local and DNR costs of administering the reclamation program. The DNR share of the fees, established in administrative rule, equals \$35 to \$175, depending on the mine size in unreclaimed acres. The counties and municipalities collect the DNR share of fees and pay them to DNR for deposit in the environmental management account.

Environmental Assessment. When a court imposes a fine or forfeiture for violation of administrative rules or DNR orders related to pollution discharge, drinking water or septic tank statutes, it also imposes an environmental assessment. The court transfers the assessment to DNR and DNR

deposits the assessment in the environmental fund. The assessment is equal to 20% of the fine or forfeiture for violations that occurred on or after July 1, 2009 (10% before that date). Seventy percent of the 20% assessments (resulting in a 14% surcharge for UW) were deposited in the University of Wisconsin System's environmental education appropriation within the environmental management account prior to July 1, 2015, and were used to fund environmental education grants. Under 2015 Act 55, the transfer of environmental surcharge revenues to the UW appropriation was repealed as of July 1, 2015. Currently, environmental assessment revenues are available for any of the appropriations in the account.

Land Disposal Permit. Persons who discharge certain pollutants into the waters of the state are required to obtain a water pollutant discharge elimination system permit from DNR. The permit holder is also required to pay a \$100 annual groundwater fee to DNR if the permittee discharges effluent on land or produces sludge from a treatment work that is disposed of on land. The permittee is required to pay a \$200 annual groundwater fee if the permittee discharges effluent on land and disposes of sludge from a treatment work on land.

Civil Action Damages. The account receives compensation resulting from court-ordered payments by responsible parties for specific cleanup activities.

Bulk Tank Surcharge. Persons must receive approval from DATCP of plans for installation of, or change in, the operation of a previously approved installation for the storage, handling or use of flammable or combustible liquids. In addition to any plan review fees paid to DATCP for administration of the program, a groundwater fee of \$100 per plan review submittal for tanks with a capacity of 1,000 gallons or more is collected and deposited in the environmental management account.

Septic System Servicing Fee. Persons who remove and dispose of septage from septic tanks, soil absorption fields, holding tanks, grease traps or privies must pay DNR a septic servicing groundwater fee of \$100 for a two-year period. DNR deposits the fee in the environmental management account. In addition, DNR collects program revenue fees of \$50 per resident servicing vehicle for two years, which are used for administration of septage programs.

Environmental Repair Base Fee and Surcharge. Owners of approved solid waste facilities do not pay a base fee or surcharge. Two different annual base fees for nonapproved (certain older) landfill facilities are deposited in the environmental management account. If the owner of a nonapproved facility signed an agreement with DNR to close the landfill on or before July 1, 1999, the annual base fee is \$100. If no closure agreement was signed, the annual base fee is \$1,000. The amount of the base fee is deducted from the tipping fees for nonapproved facilities.

Nonapproved facilities also pay an environmental repair surcharge equal to 25% of the non-approved facility tipping fee described in the earlier section on tipping fees, if the facility has a closure agreement (0.375¢ per ton, or 25% of 1.5¢), or 50% of the tipping fee if the facility does not have a closure agreement (0.75¢ per ton, or 50% of 1.5¢).

Cooperative Remedial Action. DNR is authorized to seek and receive voluntary contributions of funds from a municipality or any other public or private source for all or part of the costs of remedying environmental contamination if the activities being funded are part of a cooperative effort by DNR and the person providing the funds, to remedy the contamination. Any funds received are deposited into the environmental management account. Any cooperative remedial action revenues may only be used for the activities agreed on by DNR and the person providing the funds.

Investment Income. Interest earned on state investments is distributed to various funds, including the environmental management account, based on its monthly cash balance.

Agrichemical Management Fund. 2013 Wisconsin Act 20 specified that a one-time transfer of \$750,000 be made in 2013-14 from the segregated agrichemical management fund to the environmental management account. The agrichemical management fund receives revenues from several pesticide and fertilizer fees, and pays for activities such as administration of regulations of pesticide and fertilizer producers and DATCP groundwater protection functions. The purpose of the transfer was to pay for a one-time increase of the same amount in the DATCP clean sweep grant program for grants to local governments for household hazardous waste collection activities.

Miscellaneous Revenue. The account sometimes receives small revenues from other sources, such as refunds of prior year expenditures, and sales of photocopies and publications.

Environmental Management Account Condition

Table 6 shows the condition of the environmental management account in 2013-14 through 2016-17. The table shows actual revenues and expenditures for 2013-14 and 2014-15, and estimated revenues and expenditures for 2015-16 and 2016-17. In 2015-16, estimated revenues totaled \$55.3 million and estimated expenditures totaled \$55.7 million. As of December 1, 2016, DNR had not finalized actual 2015-16 revenues or expenditures. In 2016-17, revenues are expected to total approximately \$56.6 million, with \$56.4 million in authorized expenditures. Further, 107.66 positions are authorized, including 105.66 at DNR and 2.0 at the Department of Health Services.

Table 6: Environmental Management Account Condition

	2013-14 <u>Actual</u>	2014-15 <u>Actual</u>	2015-16 <u>Estimated</u> ⁽¹⁾	2016-17 <u>Base Funding</u>	2016-17 <u>Staff</u>
Opening Balance -- July 1	\$18,750,100	\$12,872,400	\$20,338,800	\$19,971,100	
Revenues					
Solid Waste Tipping Fees - Recycling ⁽²⁾	\$33,043,500	\$34,700,500	\$34,578,400	\$35,700,000	
Solid Waste Tipping Fees - Environmental	11,022,100	16,188,600 ⁽³⁾	14,878,300	14,372,800	
Transfer to Nonpoint Account	-650,000	-1,300,000	0	0	
Transfer from Petroleum Inspection Fund	1,704,800	1,704,800	1,704,800	1,704,800	
Pesticide and Fertilizer Fees	1,625,400	1,517,700	1,591,800	1,550,000	
Hazardous Waste Generator Fees	977,600	874,100	1,161,500	900,000	
Site-Specific Remediation	1,164,500	8,370,500	97,200	1,000,000	
Other Fees and Income - Environmental	1,138,800	1,002,500	858,800	1,026,000	
Other Fees and Income - Recycling ⁽²⁾	<u>1,070,500</u>	<u>329,500</u>	<u>426,100</u>	<u>310,000</u>	
Total Revenue	\$51,097,200	\$63,388,200	\$55,296,900	\$56,563,600	
Total Revenue Available	\$69,847,300	\$76,260,600	\$75,635,700	\$76,534,700	
Expenditures					
DNR Recycling Grants to Local Governments ⁽²⁾	\$20,000,000	\$20,000,000	\$19,000,000	\$20,000,000	
DNR Administration - Environmental	10,976,100	10,639,800	10,912,600	12,188,300	88.66
DNR Administration - Recycling ⁽²⁾	2,562,200	2,560,000	2,242,300	2,478,500	17.00
DNR Brownfields or Well Grants	218,600	153,300	115,600	200,000	
DNR State-funded Cleanup	1,511,900	2,100,800	1,873,300	2,292,700	
DNR Site-Specific Remediation	1,108,600	497,900	690,900	4,000,000	
Debt Service for General Obligation Bonds	13,498,300	13,128,900	18,686,700	12,769,800	
UW System Bioenergy Initiative ⁽²⁾	4,176,100	4,060,800	0	0	
WEDC Brownfields Grants	1,000,000	1,000,000	1,000,000	1,000,000	
Other Agencies - Environmental ⁽⁴⁾	443,800	374,000	402,200	325,300	2.00
Other Agencies - Recycling ⁽²⁾	1,479,300	1,406,300	741,000	750,000	
Expenditure of Prior Year Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>357,800</u>	
Total Expenditures	\$56,974,900	\$55,921,800	\$55,664,600	\$56,362,400	107.66
Cash Balance					
	\$12,872,400	\$20,338,800	\$19,971,100	\$20,172,300	
Encumbrances, Continuing Balances ⁽⁵⁾	-\$8,756,300	-\$16,994,900	-\$16,661,700	-\$13,263,900	
Closing Available Balance -- June 30	\$4,116,100	\$3,343,900	\$3,309,400	\$6,908,400	

⁽¹⁾ 2015-16 includes estimated revenues and expenditures. As of December 1, 2016, DNR had not finalized actual 2015-16 revenues or expenditures.

⁽²⁾ Revenues to or appropriations funded from the recycling fund prior to 2011-12. Other agencies include Department of Agriculture, Trade and Consumer Protection clean sweep grants, Department of Corrections computer recycling (prior to 2015-16), UW Extension recycling education (prior to 2015-16), and UW System solid waste research and experiments (prior to 2015-16).

⁽³⁾ Includes approximately \$2.4 million of environmental solid waste tipping fees assessed in 2013-14 for calendar year 2013 and collected in 2014-15.

⁽⁴⁾ Includes Department of Health Services groundwater and air quality standards, Department of Military Affairs emergency response training, and UW System environmental education (prior to 2015-16).

⁽⁵⁾ In 2015-16, includes \$4.8 million for DNR state-funded cleanup, \$9.9 million for DNR site-specific remediation, \$0.8 million for DATCP clean sweep grants, \$0.5 million for DNR well compensation, \$0.2 million for UW environmental education, \$0.4 million for electronics recycling, and \$0.1 million for other programs.

Based on authorized expenditures, Table 6 indicates the June 30, 2017, unencumbered balance would be approximately \$6.9 million.

Expenditures

This section describes the uses of the appropriations from the environmental management account. Approximately 38% of 2016-17 budgeted expenditures are for municipal and county recycling grants, 25% for debt service payments for general obligation bonds, and 28% for DNR administration of environmental and recycling programs. The remaining 9% of budgeted expenditures are used for contaminated land cleanup and programs funded in other state agencies. These percentages exclude the amounts anticipated to be spent on site-specific remediation.

The Appendix shows all appropriations from the environmental management account. For every appropriation, the table shows the statutory Chapter 20 reference, actual expenditures for 2013-14 and 2014-15, estimated expenditures for 2015-16, the base funding amount for 2016-17 (estimated amount for debt service appropriations), and the authorized number of positions in 2016-17. As of December 1, 2016, DNR had not finalized actual 2015-16 expenditures.

DNR Operations

In this section, references to DNR's organizational structure include the names of divisions and programs included in the Department's September, 2016, 2017-19 biennial budget request, rather than potential revised names in DNR's pending late fall, 2016, reorganizational plan.

Air, Waste, and Remediation and Redevelopment Division Operations. The environmental management account funds 36.5 administrative positions in the Air, Waste, and Remediation and

Redevelopment Division. This includes a larger Division operations appropriation with 33.5 positions and a smaller brownfields operations appropriation with 3.0. The positions funded from the account in the Division include hydrogeologists, waste specialists, engineers, budget and outreach specialists, program assistants, and supervisors. The Division also receives funding from other sources, including general purpose revenues (GPR), federal grants, program revenues (PR), the segregated (SEG) petroleum inspection fund, and the segregated dry cleaner environmental response fund.

In the Remediation and Redevelopment program, the account funds 22.5 positions that administer contaminated land cleanup programs, state statutes and regulations related to hazardous substances cleanup, state-funded cleanup activities, outreach to persons who are required to cleanup contamination, technical assistance, and outreach.

In the Waste and Materials Management program, the account funds 11.5 positions that administer management and proper disposal of solid and hazardous waste.

In the Air Management program, the account funds 2.0 positions that monitor industrial sand mining activities.

The account also funds 0.5 position for Divisionwide administration.

Recycling Operations. A separate environmental management account appropriation, funded from the recycling fund prior to 2011-12, funds 13.5 positions in the Air, Waste, and Remediation and Redevelopment Division for administration of recycling programs. These activities include policy development, technical assistance and outreach to local governments, enforcement of compliance with local government recycling program requirements, processing applications for the municipal and county recycling

grant program, and performing informational and educational functions.

For more information about DNR's recycling programs, see the separate Legislative Fiscal Bureau informational paper entitled, "Recycling Financial Assistance Programs."

Electronic Waste Recycling Administration. The account includes 1.0 position in a separate appropriation for electronics recycling operations. The appropriation is authorized to spend all moneys received from electronics recycling revenues, and only on electronics recycling.

Public Safety and Business Support Operations. The account funds 13.48 environmental enforcement specialists, wardens, and supervisory positions that are responsible for maintaining compliance of facilities and persons with environmental statutes, resolving civil violations of environmental laws, issuing notices of environmental violations, and investigation of environmental violations. This includes 2015-17 biennial budget act provisions to merge a separate recycling enforcement appropriation into the main appropriation, and to convert 3.0 positions from GPR and SEG conservation fund to environmental management account.

The account also funds 4.5 positions in the Bureau of Environmental Analysis and Sustainability.

Water Division Operations. The account funds 29.57 positions in the Water Division. These positions include engineers, water supply specialists, hydrogeologists, and natural resources program managers. The Division also receives funding from other sources, including general purpose revenues, federal grants, and program revenues.

The Water Division appropriation includes 19.04 positions in the Drinking Water and Groundwater program to work on groundwater

policy development, research and standards development, water supply issues, high capacity well review, public and private water supply issues, and water use issues.

The account funds 10.53 positions in the Water Quality program to manage activities such as wastewater permit issuance, contaminated sediment removal projects, water quality monitoring, and Great Lakes issues.

Customer and Employee Services Division Operations. The account funds 4.6 positions in departmentwide administrative functions, including in finance, customer service and licensing, communication and education, community financial assistance, and program management. (The Appendix shows this as two appropriations, one for administration and technology, and one for customer assistance and external relations.)

Recycling Administration and Recycling Grants Administration. The account funds 2.5 positions in the Customer and Employee Services Division (funded from the recycling fund prior to 2011-12). This includes 2.0 positions in the Bureau of Community Financial Assistance responsible for recycling grants administration, and 0.5 position for accounting, purchasing and other financial management recycling-related activities. (The Appendix shows this as two appropriations.)

DNR Cleanup and Recycling Assistance

Municipal and County Recycling Grants. The municipal and county recycling grant program provides financial assistance to local governments (responsible units) for a portion of the costs to operate an eligible effective recycling program. It is the largest use of the environmental management account. It was appropriated \$19 million annually prior to 2015-16, and \$18 million in 2015-16, and is appropriated \$19 million in 2016-17. It was funded from the recycling fund prior to 2011-12.

Recycling Consolidation Grants. The recycling consolidation grant program provides financial assistance to local governments that operate effective recycling programs, are counties, or meet certain criteria, such as entering into cooperative agreements with other local government for joint provision of recycling programs. The program is appropriated \$1 million annually.

State-Funded Contaminated Land Cleanup. DNR administers a state-funded response appropriation through the environmental management account. The appropriation had \$8,964,700 available for expenditures in the 2015-17 biennium. This included expenditure authority of \$2,292,700 in 2015-16 and \$2,292,700 in 2016-17, encumbrances at the beginning of 2015-16 totaling \$1,194,200 and an unencumbered carry-in balance of \$3,185,200. Expenditures from the appropriation totaled \$2,100,800 in 2014-15 and had preliminary reported expenditures of \$1,873,300 in 2015-16. As of December 1, 2016, DNR had not finalized 2015-16 expenditures.

The appropriation is used for DNR expenditures related to: (a) DNR-lead cleanups of contaminated sites where the responsible party is unknown or cannot or will not clean up the site; (b) the state share at certain federal Superfund site cleanups; (c) the state match to federal Leaking Underground Storage Tank (LUST) expenditures; (d) emergency spill response and cleanups; (e) response and cleanup of abandoned containers of hazardous substances where the responsible party cannot be identified; (f) \$3 per capita payments to certain municipalities for groundwater monitoring and equipment purchases; (g) provision of temporary emergency water supplies; (h) permanent replacement of water supplies under certain circumstances if the owner of the contaminated well demonstrates financial hardship beyond the financial assistance available through a well compensation grant; (i) DNR-lead remedial actions at abandoned privately-owned landfills; (j) DNR-lead cleanups resulting from responsible party payment of court settlements; and (k) lim-

ited-term employee costs related to DNR-lead cleanups.

Well Compensation Grants. DNR provides grants for replacing, reconstructing, or treating contaminated wells that serve certain private residences or are used for watering livestock. Grants can also pay costs of well abandonment. DNR must determine that the well meets certain eligibility criteria related to contamination from substances such as chemicals, heavy metals, volatile organic compounds, industrial solvents, gasoline, fuel oil, paint, and pesticides. Under certain circumstances, eligibility includes contamination from arsenic or livestock fecal bacteria.

Grant recipients must have family income that does not exceed \$65,000. The grant is 75% of eligible costs, with eligible costs not to exceed \$12,000. This is equal to a maximum grant of \$9,000. Grant recipients must pay a \$250 copayment, unless the grant is for well abandonment.

The appropriation had \$790,000 available during the 2015-17 biennium for expenditures, including \$200,000 in 2015-16 and \$200,000 in 2016-17, and an unencumbered carry-in balance of \$390,000. The 2015-17 available balance reflects the 2015 Act 55 requirement that DNR transfer \$320,000 from the unencumbered balance of the appropriation to the balance of the environmental management account, to make the funds available for use by other appropriations from the account. In 2014-15, DNR awarded six well compensation grants totaling \$54,000, and 84 well abandonment grants totaling \$69,500. In 2015-16, DNR awarded eight well compensation grants totaling \$65,200, and 51 well abandonment grants totaling \$76,800. Some grants may be spent in the subsequent fiscal year or final expenses may be less than the initial award. Expenditures from the appropriation were \$153,300 in 2014-15 and had preliminary reported expenditures of \$115,600 in 2015-16. As of December 1, 2016, DNR had not finalized 2015-16 expenditures.

Site-Specific Remediation. A separate appropriation can only spend revenues received for site-specific remediation activities, and can only be used for those remediation activities.

Cooperative Remedial Action. This appropriation can only be utilized to spend revenues received from voluntary contributions from parties who are working on a cooperative remediation project with DNR, and can only be used for the activities agreed on by DNR and the person providing the funds.

Groundwater Management. A biennial appropriation funds groundwater monitoring and research projects identified and selected through efforts of the Groundwater Coordinating Council. The Council is a statutorily mandated body that coordinates efforts of DNR and several other state agencies related to regulation and management of groundwater. The projects funded by the appropriation provide information to further groundwater management in the state.

Indemnification Agreements. Under 1999 Wisconsin Act 9, DNR is authorized to enter into

an agreement with a municipality to indemnify the municipality from liability related to the disposal of certain PCB-contaminated sediments from the Great Lakes basin. Any such indemnification would be paid from a sum-sufficient appropriation from the environmental management account. No agreements have been entered into subsequent to enactment of the provision, and no indemnification has been paid. However, it is still possible that an agreement could be entered into, and indemnification payments could be made in the future.

DNR Debt Service

The environmental management account includes four appropriations for debt service costs associated with issuance of general obligation bonds. Table 7 shows the 10 years of actual debt service costs from 2006-07 through 2015-16 and the estimated amounts for 2016-17. Descriptions of the uses of the general obligation bonds follow.

Contaminated Land and Sediment Cleanup. An environmental management account appro-

Table 7: General Obligation Bond Debt Service Payments from the Environmental Management Account

Year	Contaminated Land and Sediment	Harbor Sediment Cleanup	Administrative Facilities	Water Pollution Abatement	Total
2006-07	\$3,216,300		\$301,000		\$3,517,300
2007-08	3,531,300		346,700		3,878,000
2008-09	3,698,100		405,400		4,103,500
2009-10	3,868,000	\$381,800	477,100		4,726,900
2010-11	3,679,800	277,000	496,600	\$8,000,000	12,453,400
2011-12	3,734,000	642,400	518,900	3,801,900	8,697,200
2012-13	3,917,500	909,600	591,200	8,000,000	13,418,300
2013-14	3,421,600	1,410,900	665,800	8,000,000	13,498,300
2014-15	3,098,000	1,370,100	660,800	8,000,000	13,128,900
2015-16*	3,131,000	1,593,600	680,300	13,281,800	18,686,700
2016-17*	3,055,000	1,815,900	669,500	7,231,700	12,772,100

*Estimated. As of December 1, 2016, DNR had not finalized 2015-16 expenditures.

provision pays debt service for general obligation bonds issued for remedial action of contaminated land and contaminated sediment cleanup. Of the total \$57 million in authorized general obligation bonding authority, DNR is authorized \$50 million to fund the state's cost-share for cleanup of federal Superfund and LUST sites and state-funded cleanups under the environmental repair statute (s. 292.31) and hazardous substances spills statute (s. 292.11). The remaining \$7 million in general obligation bonding is statutorily designated for contaminated sediment cleanup in Lake Michigan or Lake Superior or a tributary of one of the two lakes.

Bonding authority can be used for public purpose projects such as cleanup of contaminated groundwater, soils and sediments, and activities such as investigation, remedial design and cleanup of a specific site when the responsible party is unknown, unable or unwilling to fund the cleanup. Bonding authority cannot be used for general preliminary investigations or cleanups funded by responsible parties.

DNR has expended or encumbered \$44.8 million of the available \$50 million in remediation bonding authority as of June 30, 2016. DNR expended or encumbered all of the available \$7 million in contaminated sediment authority prior to June 30, 2012.

The debt service for the two purposes is paid from the same appropriation. The appropriation is a sum sufficient, meaning the amounts budgeted are estimates, but the appropriation pays whatever the actual bond repayment costs are.

Beginning in 2001-02, payment of the debt service for the general obligation bonding authority for both remedial action and contaminated sediment cleanup was converted from GPR to an environmental management account SEG appropriation. In 2015-16, preliminary expenditures of \$3.1 million SEG for general obligation bond debt service were reported for contaminated land

and sediment cleanup. As of December 1, 2016, DNR had not finalized 2015-16 expenditures.

Great Lakes Harbor Contaminated Sediment Cleanup. 2007 Wisconsin Act 20 authorized DNR to use general obligation bonding authority, with debt service paid from the environmental management account, for removal of contaminated sediment from Lake Michigan or Lake Superior or their tributaries if the project is in a water body that DNR has identified, under the federal Clean Water Act, as being impaired and the source of the impairment is contaminated sediment. DNR has been authorized a cumulative \$32 million in general obligation bonding authority.

As of June 30, 2016, DNR has expended or encumbered \$24.7 million of the available \$32 million. The funding used under this provision included: (a) \$7.6 million to clean up contaminated sediment in the Kinnickinnic River in Milwaukee; (b) \$12.2 million to clean up PCB-contaminated sediment in the Estabrook Park Impoundment on the Milwaukee River north of the Estabrook Dam in 2010 through 2015; (c) \$3.3 million for Sheboygan harbor cleanup projects during 2012 through 2014; (d) \$1.5 million for a Marinette harbor arsenic cleanup project in 2014 through 2015; and (e) \$0.1 million for Portage Canal cleanup in 2016. There is \$7.3 million in remaining unallocated bonding in the program.

In 2015-16, preliminary expenditures of \$1.6 million SEG for general obligation bond debt service were reported for contaminated Great Lakes harbor sediment cleanup. As of December 1, 2016, DNR had not finalized 2015-16 expenditures. Table 7 shows debt service costs for this purpose since expenditures were first incurred in 2009-10.

Administrative Facilities. Funding is budgeted to pay the debt service costs of bonds issued to construct certain DNR administrative buildings. DNR allocates the costs from the appropriation to the environmental management account (86.9%)

and the nonpoint account (13.1%) in the 2015-17 biennium, based on the same percentage of employees funded from each of the two accounts to the total number of employees funded from the environmental fund. A separate appropriation from the segregated conservation fund also pays a portion of administrative debt service costs.

Water Pollution Abatement. 2009 Act 28 created a sum-certain appropriation in the account to be used for \$8,000,000 annually in debt service costs formerly paid from GPR for bonds issued under the former water pollution abatement grant program. The program provided grants to municipalities for wastewater treatment system construction from 1978 to 1990. The clean water fund program, within the environmental improvement fund, replaced the former program, and began providing low-interest loans to municipalities for wastewater treatment systems in 1991.

Prior to 2015-16, the first \$8,000,000 in annual debt service costs was paid from the environmental management account, and the remainder was paid from a GPR appropriation. Expenses from the appropriation totaled \$8 million annually in 2010-11, and 2012-13 through 2014-15. However, in 2011-12, the SEG appropriation expenses were \$3.8 million instead of the \$8 million authorized, because the state refinanced several general obligation bonds to defer payment of most principal payments.

Under 2015 Act 55, beginning in 2015-16, the SEG appropriation was converted from a sum certain to a sum sufficient, and an anticipated \$4,900,700 in debt service expenditures was shifted from GPR to SEG in 2015-16. However, in 2015-16, preliminary estimated expenditures of \$13,281,700 were reported for debt service for the water pollution abatement appropriation from the environmental management account. As of December 1, 2016, DNR had not finalized 2015-16 expenditures.

Other State Agencies

DATCP Clean Sweep Grants. The Department of Agriculture, Trade and Consumer Protection (DATCP) administers the clean sweep program, which provides grants to counties and municipalities for the collection of pesticides, farm chemicals, and hazardous wastes from farmers, businesses, households, schools and government agencies. Base funding for the program in the 2015-17 biennium is \$750,000 SEG annually from the environmental management account. For more information, see the Legislative Fiscal Bureau informational paper entitled, "Recycling Financial Assistance Programs."

Department of Health Services. The Department of Health Services (DHS) is budgeted \$317,700 SEG in 2016-17 from the environmental management account to support 2.0 positions that conduct activities related to air and groundwater quality standards. DHS staff aid DNR in developing quality and enforcement standards, monitor health outcomes related to groundwater quality, and conduct outreach and educational activities on health risks posed by groundwater contamination.

Department of Military Affairs. The Department of Military Affairs utilizes \$7,600 annually from the environmental management account, in conjunction with GPR and federal Hazardous Materials (HazMat) Emergency Planning grant funding, to provide grants to Local Emergency Planning Committees for hazardous materials response equipment and to support state-conducted training sessions for local HazMat response teams. Local Emergency Planning Committees coordinate the efforts and resources of local HazMat response teams and prepare county-specific planning programs to improve hazardous materials response.

Wisconsin Economic Development Corporation. Under 2011 Wisconsin Act 32, the brown-field site assessment grant program was trans-

ferred from DNR to the Wisconsin Economic Development Corporation (WEDC), with an annual appropriation of \$1,000,000 from the environmental management account. WEDC may provide grants of up to \$150,000 per recipient to certain local governmental units that are or may be adversely impacted by environmental contamination. Grants may be used to conduct initial environmental assessments and for demolition activities on an eligible abandoned, idle or underutilized industrial or commercial site. A minimum match of 20% of the state grant amount is required. Funding is only available if the party that caused the contamination is unknown, cannot be located, or is financially unable to pay for the eligible activity. For more information about WEDC, see the Legislative Fiscal Bureau informational paper entitled, "Wisconsin Economic Development Corporation."

Inactive and Recently Repealed Appropriations

Several appropriations from the environmental management account have recently been repealed, or they remain in the statutes but are inactive and have not been used for several years. These include the following appropriations.

PCB-Sediment Transportation. Certain responsible parties are authorized to request reimbursement for the difference between the cost of disposing in Wisconsin and transporting certain PCB-contaminated sediment to an out-of-state hazardous waste disposal facility. When the program was created in 2007 Wisconsin Act 20, it was anticipated that most of the potential claims submitted under the program would relate to the Fox River PCB cleanup project. Funding totaling \$10.5 million was appropriated for the program between 2007-08 and 2010-11, and none of it was expended. DNR received three claims totaling \$828,200 for work completed on contaminated sediment cleanup projects on the Fox River and Sheboygan River prior to July, 2011. Applicants are required to submit a claim within two

years of incurring the costs, and DNR is required to pay claims within 60 days of receipt. However, DNR informed applicants in 2011 that the Department was not paying claims because it transferred amounts appropriated in 2009-11 to the general fund under deficit reduction provisions of 2007 Wisconsin Act 20.

Brownfield Site Assessment Grants. DNR awarded grants to local governments between 2000-01 and 2009-10 for a portion of costs of the initial investigation of contaminated properties. In 2011 Act 32, the program was transferred to the newly created Wisconsin Economic Development Corporation, and the DNR appropriation was repealed. The Appendix shows the DNR environmental management account expenditures of \$129,990 made in 2013-14 to close out grant awards made prior to June 30, 2011.

DATCP Recyclable Products Regulation. An appropriation exists for support of DATCP regulation of recyclable products, particularly regarding product packaging and labeling. The appropriation was last authorized funds in 1998-99.

Grants for Agricultural Facilities. An appropriation exists for specified DATCP expenditures that totaled \$3.7 million in 2007-08 through 2009-10 for grants for certain agricultural facilities and agricultural development facilities. No funds remain in the appropriation.

WHEDA Loan Guarantees. The statutes contain an appropriation to the Wisconsin Housing and Economic Development Authority (WHEDA) for transfer to the Wisconsin Development Reserve Fund (WDRF). The appropriation may be used to guaranteed loans to persons making products from recycled materials or operating cloth diaper services. Funds were last transferred to the WDRF in 1991-92 and the program is inactive.

Department of Corrections. Prior to 2015-16, the Department of Corrections (DOC) was ap-

appropriated funding from the recycling fund, then the environmental management account, for computer recycling. Prior to 2010, DOC administered a computer recycling program under which inmates salvaged, repaired and upgraded donated computers. DOC suspended the program in 2010 to prevent a deficit. Between 2010 and 2015, the appropriation solely supported recycling of DOC computers. The funding was eliminated and the appropriation was repealed under 2015 Wisconsin Act 55.

University of Wisconsin System Environmental Education. The Wisconsin Environmental Education Board (WEEB), housed at UW-Stevens Point, provided grants to school districts, private schools, governmental units, and non-profit corporations to enhance environmental, forestry, and school forest education programs. Grants of up to \$20,000 were awarded for 18-month periods. All awards required a 25% local match. WEEB grants were funded by a 14% surcharge on environmental fines, monies transferred from the forestry account of the conservation fund, and private gifts and grants. In 2014-15, WEEB received \$200,000 from the conservation fund and \$107,000 from the surcharge. WEEB awarded 53 grants totaling \$346,000 for the 2015-16 fiscal year.

Under 2015 Act 55, the statutory language creating WEEB and the related appropriations were repealed on July 1, 2017. The Act also repealed the transfer of the environmental fine surcharge to WEEB as of July 1, 2015, and authorized WEEB to spend environmental assessments received before July 1, 2015, until June 30, 2017. WEEB expended \$84,800 in 2015-16 and had remaining encumbered grants of \$206,600 on June 30, 2016.

UW System Wisconsin Bioenergy Initiative. Under 2009 Wisconsin Act 28, the Legislature provided \$4,050,000 SEG annually to support the Wisconsin Bioenergy Initiative (WBI). In 2014-

15, the appropriation provided \$4,069,100 for 35.2 position, and \$4,060,800 was expended. The majority of this funding supported staff at WBI, which is a component of the UW Energy Institute located at UW-Madison. Additional funds were allocated to various departments at UW-Madison to support research faculty in related fields. WBI funding was also allocated to UW-Stevens Point's Wisconsin Institute for Sustainable Technology.

Under 2015 Act 55, the environmental management account funding for WBI was eliminated beginning in 2015-16, and the appropriation was repealed.

UW-Extension Recycling Education. Created in 1989, the University of Wisconsin-Extension Solid and Hazardous Waste Education Center (SHWEC) provided educational and technical assistance programs in recycling and recycling market development through staff at UW-Madison, UW-Milwaukee, UW-Green Bay, and UW-Stevens Point. In 2014-15, \$388,200 and 4.0 positions from the environmental management account were provided for SHWEC activities, primarily at UW-Madison and UW-Stevens Point. Under 2015 Act 55, the environmental management account funding was eliminated beginning in 2015-16, and the appropriation was repealed.

UW System Solid Waste Research. Between 1989 and 2015, the UW Board of Regents received funds from the recycling fund, then the environmental management account, for research into alternative methods of solid waste management and to administer solid waste experiment centers. In 2014-15, the Regents received \$155,400 for these purposes. Funds were used to fill a 0.5 program manager position and to provide Solid Waste Research Council research award funds. Under 2015 Act 55, the environmental management account funding was eliminated beginning in 2015-16, and the appropriation was repealed.

APPENDIX

Environmental Management Account Appropriations 2013-14 Through 2016-17

Agency/Statutory Citation	Appropriation Name	2013-14 Expenditures	2014-15 Expenditures	2014-15 Positions	2015-16 Expenditures*	2016-17 Base Funding	2016-17 Positions
Natural Resources (DNR)							
DNR Operations:							
(2)(mq)	Air and waste operations	\$3,579,020	\$3,098,058	33.50	\$2,734,263	\$3,741,600	33.50
(2)(mr)	Brownfields operations	295,836	110,833	3.00	263,189	264,800	3.00
(2)(hq)	Recycling administration	1,474,417	1,434,885	14.50	1,279,298	1,477,800	13.50
(2)(hr)	** Electronic waste recycling administration	316,284	351,568	1.00	320,528	350,000	1.00
(3)(mq)	Enforcement and science operations	1,729,668	1,504,537	8.58	2,120,599	2,267,400	17.98
(3)(mr)	Recycling enforcement	273,400	273,400	2.40	merged into (3)(mq)		0.00
(4)(mq)	Water operations	2,960,812	3,439,526	29.67	3,518,232	3,518,900	29.57
(8)(mv)	Administration and technology operations	1,290,132	1,303,575	0.43	1,362,435	1,386,900	0.52
(9)(mv)	Customer assistance and external relations operations	1,007,779	1,036,641	6.61	884,019	887,100	4.08
(9)(is)	State recycling grants administration	98,663	93,553	3.00	216,300	216,300	2.00
(8)(iw)	Statewide recycling administration	413,000	420,100	0.50	426,200	434,400	0.50
DNR Cleanup and Recycling Assistance:							
(6)(bu)	Recycling financial assistance for responsible units	18,999,991	18,999,990		17,999,985	19,000,000	
(6)(bw)	Recycling consolidation grants	1,000,000	1,000,000		1,000,000	1,000,000	
(2)(dv)	Environmental repair; spills; abandoned containers (state-funded cleanup)	1,511,883	2,100,829		1,873,336	2,292,700	
(6)(cr)	Well compensation grants	88,579	153,260		115,585	200,000	
(2)(du)	** Site-specific remediation	1,108,559	497,700		690,940	4,000,000	
(4)(au)	** Cooperative remedial action; contributions	0	0		0	0	
(4)(av)	** Cooperative remedial action; interest on contributions	0	178		0	0	
(4)(ar)	Groundwater management	99,360	133,136		29,898	91,900	
(6)(et)	Brownfield site assessment grants	129,990	repealed		repealed	repealed	
(2)(fq)	Indemnification agreements	0	0		0	0	
DNR Debt Service:							
(7)(bq)	*** Remedial action	3,421,627	3,098,001		3,130,940	3,055,000	
(7)(br)	*** Contaminated sediment cleanup	1,410,909	1,370,120		1,593,630	1,815,900	
(7)(er)	*** Administrative facilities	665,795	660,791		680,340	669,500	
(7)(ct)	*** Water pollution abatement	<u>8,000,000</u>	<u>8,000,000</u>		<u>13,281,748</u>	<u>7,231,700</u>	
DNR Subtotal		\$49,875,704	\$49,080,683	103.19	\$53,521,465	\$53,929,300	105.66

Environmental Management Account Appropriations (continued)

Agency/Statutory Citation	Appropriation Name	2013-14 Expenditures	2014-15 Expenditures	2014-15 Positions	2015-16 Expenditures*	2016-17 Base Funding	2016-17 Positions
Agriculture, Trade and Consumer Protection							
(7)(va)	Clean sweep grants	\$844,061	\$681,466		\$741,002	\$750,000	
Corrections							
(1)(qm)	Computer recycling	91,593	181,219	1.00	repealed	repealed	0.00
Health Services							
(1)(q)	Groundwater and air quality standards	318,182	291,923	2.00	317,300	317,700	2.00
Military Affairs							
(3)(t)	Emergency response training	495	14,063		81	7,600	
University of Wisconsin System							
(1)(r)	Environmental education; environmental assessments	123,798	63,523		84,778	repealed	0.00
(1)(s)	Wisconsin bioenergy initiative	4,176,140	4,060,774	35.20	repealed	repealed	0.00
(1)(tb)	Extension recycling education	388,200	388,200	4.00	repealed	repealed	0.00
(1)(tm)	Solid waste research and experiments	155,400	155,400	1.00	repealed	repealed	0.00
Wisconsin Economic Development Corporation							
(1)(s)	Brownfield site assessment grants	1,000,000	1,000,000		1,000,000	1,000,000	
Miscellaneous - Controller's Office							
NA	Payment of Cancelled Checks	<u>1,325</u>	<u>4,532</u>	<u> </u>	<u>0</u>	<u>0</u>	<u> </u>
Subtotal Agencies Other than DNR		\$7,099,194	\$6,841,100	43.20	\$2,143,161	\$2,075,300	2.00
Total All Agencies		\$56,974,898	\$55,921,783	146.39	\$55,664,625	\$56,004,600	107.66

* 2015-16 includes estimated expenditures. As of December 1, 2016, DNR had not finalized 2015-16 expenditures.

** Appropriations are continuing and show the estimated revenue that would be available solely for the purposes of the appropriation, rather than the Chapter 20 appropriations schedule amount.

*** Debt service appropriations are sum sufficient and show actual expenditures in 2013-14 through 2015-16, and estimated expenditures in 2016-17. The water pollution abatement debt service appropriation was a sum certain prior to 2015-16, and is a sum sufficient beginning in 2015-16.