



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #698

Recycling -- Revenues (DNR -- Air, Waste and Contaminated Land and General Fund Taxes -- Individual and Corporate Income Taxes)

[LFB 1999-01 Budget Summary: Page 39, #20]

CURRENT LAW

State recycling programs are funded from the segregated recycling fund. The temporary recycling surcharge was imposed on most businesses since 1991 and expired in April, 1999. It was recreated in 1999 Act 9 effective with tax year 2000. 1999 Act 9 also created a recycling tipping fee of \$0.30 per ton of solid waste, excluding high-volume industrial waste, disposed of in Wisconsin landfills on or after January 1, 2000.

GOVERNOR

Require noncorporate farms to pay the same recycling surcharge as other noncorporate businesses [sole proprietorships, partnerships, limited liability companies (LLCs) taxable as partnerships and S corporations]. Under this provision, noncorporate farms with less than \$4,000,000 in gross receipts would be excluded from paying the surcharge. Noncorporate farms with gross receipts of more than \$4,000,000 would pay 0.2% of net business income, subject to a minimum payment of \$25 and a maximum payment of \$9,800. This provision would first apply to tax years beginning on January 1, 2001, and is estimated to have a minimal fiscal effect.

DISCUSSION POINTS

1. This paper describes several potential revenue sources that could be used to supplement the recycling fund balance if recycling programs are funded above the levels provided in SB 55.

A. Revenues From a Recycling Surcharge

2. The temporary state recycling surcharge was first imposed on businesses for tax years ending after April 1, 1992 and it remained in effect until April, 1999. From tax year 1991 until tax year 1997, the surcharge was equal to 5.5% of the gross tax liability of corporations. For tax year 1998, the surcharge rate was reduced to 2.75% of the gross tax liability of corporations. There was a minimum payment of \$25 and a maximum payment of \$9,800. Corporations (including S corporations) with less than \$4,000 in total receipts were excluded from the recycling surcharge.

3. Nonfarm sole proprietorships, partnerships, LLCs and S corporations were also subject to a recycling surcharge of 0.4345% of net business income from tax year 1991 to tax year 1997. The rate was reduced to 0.2173% for tax year 1998. The minimum payment was \$25 and the maximum was \$9,800. Members of the clergy and noncorporate farms with less than \$1,000 of net farm profits were also exempt from the surcharge. Noncorporate farms that were subject to the surcharge paid a flat amount of \$25. The rates of 0.4345% and then 0.2173% applied to the net business income of sole proprietorships, partnerships, S corporations and LLCs taxed as partnerships were equivalent to the 5.5% and 2.75% rates, respectively, that applied to the gross tax liability of corporations. For corporations, gross tax liability is determined by applying the corporate tax rate of 7.9% to net income. When the corporate tax rate of 7.9% is multiplied by the surcharge rates of 5.5% and 2.75%, the resulting tax rates are 0.4345% and 0.2173%, respectively.

4. As noted, the temporary recycling surcharge was eliminated for all businesses beginning with tax years ending after April, 1999. Consequently, taxpayers were generally not subject to the recycling surcharge for tax year 1999. However, the 1999-01 biennial budget (1999 Wisconsin Act 9) created a recycling surcharge on businesses, beginning in tax year 2000. Under the provisions of Act 9, the recycling surcharge is 3% of gross tax liability for corporations or 0.2% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxable as partnerships and S corporations. There is a minimum payment of \$25 and a maximum payment of \$9,800. Nonfarm businesses with less than \$4,000,000 in gross receipts are excluded from paying the surcharge. In addition, farms with gross receipts in excess of \$1,000,000 pay the \$25 minimum payment.

5. The bill would modify current law to exclude noncorporate farms with less than \$4,000,000 in gross receipts from paying the recycling surcharge and impose it on those noncorporate farms with gross receipts in excess of the \$4,000,000 threshold, subject to the current minimum and maximum payments. This would provide noncorporate farms with the same treatment as other noncorporate businesses, such as sole proprietorships and partnerships. It is estimated that this would have a minimal fiscal effect.

6. Table 1 shows annual recycling surcharge collections from 1991-92 through 2002-03. In reviewing the table a number factors should be considered. The Department of Revenue (DOR) has estimated annual base level recycling surcharge collections to be \$15.4 million. However, those base level estimated collections have been reduced to \$14.34 million in 2001-02 and \$14.36 million in 2002-03 to reflect lower corporate income and franchise collections included in state general fund revenue estimates released by this office in May, 2001. Recycling surcharge

estimates for 2000-01 and 2001-02 have been further adjusted to reflect actual 2000-01 surcharge collections and a number of transactions that have been or will be made by DOR. Through April, 2001, a total of \$4.5 million had been collected. It is estimated that total actual collections for 2000-01 will be \$5.2 million. In addition, on May 24, DOR transferred \$14.6 million from the general fund to the recycling fund. This included \$11.7 million for estimated recycling surcharge payments received during calendar year 2000 and \$2.9 million in estimated surcharge payments received in the first quarter of calendar year 2001. There will be an additional transfer in June, 2001, of \$3.0 million for estimated recycling surcharge payments for the second quarter of calendar year 2001. In effect, this represents 18 months of estimated payments being transferred in fiscal year 2000-01. As a result, there would be an estimated total of \$22.8 million in recycling surcharge revenues in 2000-01. The Department indicates that it will reverse the \$11.7 million transfer for calendar year 2000 recycling surcharge payments in October, 2001. In addition, DOR will transfer recycling surcharge quarterly estimated payments of \$2.9 million in September and again in December, 2001. These transfers will be reversed in May and October of 2002. As a result, total transfer reversals in fiscal year 2001-02 would include \$11.7 million for calendar year 2000 estimated surcharge payments and \$5.9 million for estimated payments for the first half of calendar year 2001. In effect, this would reverse the transfer of 18 months of estimated payments. As a result, actual recycling surcharge collections would be offset by the \$5.9 million transfer reversal. As noted, actual total recycling surcharge collections for 2001-02 were \$4.5 million through April, 2001. Actual amounts for the recycling surcharge which was reimposed beginning with tax year 2000 will not be known until after September, 2001.

TABLE 1

**Recycling Surcharge Collections
(\$ in Millions)**

| | |
|-----------|--------|
| 1991-92 | \$32.1 |
| 1992-93 | 36.8 |
| 1993-94 | 47.6* |
| 1994-95 | 40.6 |
| 1995-96 | 41.6 |
| 1996-97 | 51.5 |
| 1997-98 | 53.6 |
| 1998-99 | 35.8 |
| 1999-00 | 9.6 |
| 2000-01** | 22.8+ |
| 2001-02** | 7.3+ |
| 2002-03 | 14.4+ |

*Includes one-time collections of an estimated \$7.9 million due to estimated payments.

**Collections for 2000-01 include an \$11.7 million transfer from the general fund for tax year 2000 corporate estimated payments and a \$5.9 million transfer for tax year 2001 corporate estimated payments. Collections for 2001-02 reflect a reverse transfer of \$11.7 million for tax year 2000 estimated payments and \$5.9 million for calendar year 2001 estimated payments.

+ Estimates

7. The temporary recycling surcharge was the result of a relatively long and deliberative legislative process. Alternative state funding sources for state recycling programs were reviewed and analyzed by the Subcommittee for Resource Recovery of the Legislative Council's Special Committee on Solid Waste Management that began meeting in August, 1988. As a result of its activities, the Committee recommended legislation that would establish state recycling programs and a throwaway container fee as a source of state funding for those programs. This legislation was included in 1989 Senate Bill 300, which was introduced in October, 1989. Senate Bill 300 was amended by the Senate Committee on Urban Affairs, Environmental Resources, Utilities and Elections, the Joint Committee on Finance and the Senate and Assembly before being enacted as 1989 Wisconsin Act 335. The Governor partially vetoed portions of Act 335 that established a gross receipts recycling fee as a funding source. In his veto message, the Governor announced his intention to include an alternative funding mechanism for state recycling programs in the 1991-93 biennial budget.

8. In 1991-93 Assembly Bill 91 (the 1991-93 biennial budget bill), the Governor proposed three alternative funding sources for state-supported recycling programs: a gross receipts fee, a residential energy fee and a used tire fee. The Joint Committee on Finance deleted these fees and adopted a surcharge mechanism. The surcharge mechanism was modified in the Assembly and was adopted as part of 1991 Wisconsin Act 39 (the 1991-93 biennial budget act). The Governor partially vetoed a provision that established a method for setting annual surcharge rates; however, it was restored by 1991 Wisconsin Act 60. The rate setting process, method of payment and exclusion amount were further modified by 1993 Wisconsin Act 16 (the 1993-95 biennial budget act).

9. As passed by the Legislature, the 1999-01 biennial budget included provisions that would have reimposed a recycling surcharge on businesses beginning with tax year 2000. Under the bill, businesses (including farms) with \$1 million or less in gross receipts would have been excluded from paying the recycling surcharge. Businesses with gross receipts in excess of \$1 million would have been subject to the surcharge based on the business' total net income or gross tax liability. The maximum payment would have been increased from \$9,800 to \$20,000, while the minimum payment would have remained at \$25. Farms with gross receipts in excess of \$1 million would have paid the \$25 minimum payment. The recycling surcharge rate would have been 3.3% of gross tax liability for corporations or 0.2607% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxable as partnerships and S corporations. The Governor item vetoed the provisions into the current recycling surcharge of 3% of gross tax liability or 0.2% of net business income.

10. The recycling surcharge was supported because it was broad-based, and in most cases, relatively low. The surcharge was viewed as a general means of imposing the costs associated with solid waste disposal on entities that generate solid waste. However, because the surcharge was based on the income of a business, the amount paid was not directly related to the amount of waste generated by the business. Further, since state recycling program funds focus on municipal and residential recycling, it is argued a business tax is not sufficiently linked to waste generation. In addition, the surcharge imposed a financial and administrative burden on many small businesses.

11. If the Committee wishes to change the proportion of revenue generated by the recycling surcharge for the state recycling fund, it could modify the surcharge rate or exclusion amounts. Tables 2 and 3 show estimated recycling surcharge collections at various surcharge rates or exclusion amounts.

TABLE 2

**Estimated Recycling Surcharge Collections at Different Rates
(Millions)**

| Rate | 2001-02 | | 2002-03 | |
|----------------|---------------|----------------|---------------|----------------|
| | Total Revenue | Change to Bill | Total Revenue | Change to Bill |
| 2.0% (0.158%) | \$11.34 | -\$3.00 | \$11.35 | -\$3.01 |
| 3.0% (0.2%)* | 14.34 | 0.00 | 14.36 | 0.00 |
| 3.5% (0.2765%) | 15.80 | 1.46 | 15.80 | 1.44 |
| 4.0% (0.316%) | 17.09 | 2.75 | 17.11 | 2.75 |
| 4.5% (0.3555%) | 18.30 | 3.96 | 18.33 | 3.97 |
| 5.0% (0.395%) | 19.45 | 5.11 | 19.48 | 5.12 |

*Current law.

TABLE 3

**Estimated Recycling Surcharge Collections With different Exclusion Amount
(Millions)**

| Exclusion | 2001-02 | | 2002-03 | |
|--------------|---------------|----------------|---------------|----------------|
| | Total Revenue | Change to Bill | Total Revenue | Change to Bill |
| \$1 Million | \$18.65 | \$4.31 | \$18.67 | \$4.31 |
| \$2 Million | 16.55 | 2.21 | 16.57 | 2.21 |
| \$3 Million | 15.24 | 0.90 | 15.26 | 0.90 |
| \$4 Million* | 14.34 | 0.00 | 14.36 | 0.00 |
| \$5 Million | 14.01 | -0.33 | 14.02 | -0.34 |

*Current law.

B. Revenues From State Tipping Fees

12. A tipping fee is a fee based on the amount of solid waste, usually measured in tons, disposed of by generators of waste at solid waste landfill facilities. Disposal tipping fees charged by landfill operators vary widely throughout the state. According to the Department of Natural Resources (DNR) in 1998, the disposal solid waste tipping fees in Wisconsin ranged from \$17 to

\$80 per ton and averaged approximately \$38 per ton.

13. In addition to the disposal tipping fees, Wisconsin assesses five state tipping fees on solid waste disposed of at landfills that are shown in Table 4. The fees total \$0.447 per ton for high-volume industrial waste and \$1.047 on other waste. High-volume industrial waste includes fly ash, bottom ash, paper mill sludge and foundry process waste. Other waste includes municipal solid waste, construction and demolition waste, industrial waste that is not classified as high-volume and other nonhazardous waste. Waste is exempt from state tipping fees if the landfill receives approval from DNR to use the waste for daily cover and then uses the waste for daily cover.

TABLE 4

State Landfill Tipping Fees

| <u>Fee</u> | <u>Use of Fee</u> | <u>Amount Per Ton --</u> | |
|----------------------------|--|-------------------------------------|-------------------------------------|
| | | <u>High-Volume Industrial Waste</u> | <u>Amount Per Ton - Other Waste</u> |
| Recycling | SEG Recycling Fund | \$0.00 | \$0.30 |
| Environmental Repair | SEG Environmental Fund | 0.20 | 0.50 |
| Groundwater | SEG Environmental Fund | 0.10 | 0.10 |
| Well Compensation | SEG Environmental Fund | 0.04 | 0.04 |
| Landfill License Surcharge | PR Solid waste management administration | 0.09 | 0.09 |
| Facility Siting | PR Solid Waste Facility Siting Board | <u>0.017</u> | <u>0.017</u> |
| Total | | \$0.447 | \$1.047 |

14. In 1999 Act 9, a recycling tipping fee was established totaling \$0.30 per ton for waste, other than high-volume industrial waste, that is disposed of in Wisconsin landfills on or after January 1, 2000. The fee is assessed quarterly according to the following schedule: (a) fees for waste disposed of from January 1 through March 31 are due May 1; (b) fees for waste disposed of from April 1 through June 30 are due August 1; (c) fees for waste disposed of from July 1 through September 30 are due November 1; and (d) fees for waste disposed of from October 1 through December 31 are due February 1.

15. In calendar year 2000, preliminary information reported to DNR by solid waste facilities indicates that approximately 8.6 million tons of solid waste were disposed of in Wisconsin that were subject to state tipping fees. This is shown in Table 5. Of the total amount of solid waste subject to fees, 5.7 million tons (two-thirds) were municipal solid waste, 1.8 million tons were high-volume industrial waste (21%) and the remaining 1.1 million tons were other nonhazardous waste (13%). An additional 1.4 million tons were exempt from fees because they were used for daily cover. Of the 8.6 million tons subject to state tipping fees, 6.8 million tons (79%) of municipal solid waste and other nonhazardous waste that is not high-volume waste were subject to the state recycling tipping fee. A study conducted for DNR by Franklin Associates using 1995 data indicates that approximately 45% of municipal solid waste is commercial waste, including business, institution, government and school sources. Out-of-state municipal solid waste represented 17% of

waste subject to state tipping fees. Thus, Wisconsin residential municipal solid waste represented perhaps 27% of 2000 tons subject to state tipping fees.

TABLE 5

Solid Waste Tons Landfilled in Wisconsin, 2000 (preliminary data)

| | <u>Tons (Millions)</u> | <u>Tons (Millions)</u> |
|--|------------------------|------------------------|
| Wisconsin Residential (1) | 2.3 | |
| Wisconsin Commercial (1) | 1.9 | |
| Out-of-State | <u>1.5</u> | |
| Subtotal Municipal Solid Waste Subject to State Tipping Fees | | 5.7 |
| High-Volume Industrial (2) | 1.8 | |
| Non-High Volume Industrial, Non-Municipal (3) | <u>1.1</u> | |
| Subtotal Non-Municipal Solid Waste Subject to State Tipping Fees | | <u>2.9</u> |
| Total Tons Subject to State Tipping Fees | | 8.6 |
| Tons Exempt from State Tipping Fees (4) | | 1.4 |
| Total Tons Landfilled in Wisconsin, 2000 | | 10.0 |

(1) Assumes that 45% of Wisconsin municipal solid waste is commercial and 55% is residential, based on a study by Franklin Associates of waste disposed of in Wisconsin in 1995.

(2) High-volume industrial waste includes fly ash, bottom ash, paper mill sludge and foundry process waste. It is not subject to the state recycling tipping fee but is subject to other state tipping fees.

(3) Waste that is not high-volume industrial or municipal includes construction and demolition waste, industrial waste that is not classified as high-volume, wastewater treatment plant sludge, energy recovery incinerator ash and all other non-hazardous waste.

(4) Waste is exempt from state tipping fees if the landfill receives approval from DNR to use the waste for daily cover and then uses the waste for daily cover.

16. The 1999-01 biennial budget bill enacted by the Legislature would have established a recycling tipping fee of \$2.00 per ton for solid waste other than high-volume industrial waste and \$0.30 per ton for high-volume industrial waste. In 1999 Act 9, Governor Thompson's partial veto reduced the new tipping fee for waste other than high-volume industrial waste to \$0.30 per ton and eliminated the new tipping fee for high-volume industrial waste. The Governor's veto message indicated that while his vetoes reduced the tipping fee to \$0.30 per ton, he would consider a fee level that is responsive to concerns about out-of-state waste.

17. It is difficult to predict what amount of waste will be disposed of in Wisconsin during the next few years. Based on general trends of the last few years, it is estimated that the total tons of solid waste subject to state tipping fees will increase from 8.6 million tons in 2000 to 8.7 million in 2001 and 8.9 million in 2002. Based on recent history it is estimated that the amount of municipal solid waste disposed of in the state (and generated inside or outside of the state) will

increase by approximately 5% annually, the amount of non-municipal solid waste that is not high-volume industrial would decrease approximately 5% annually and the amount of high-volume industrial waste would decrease approximately 4% annually.

18. Under current law, the \$0.30 per ton tipping fee will generate approximately \$2.04 million in revenue to the recycling fund in 2000-01 assessed on 6.8 million tons of non-high volume solid waste. In 2001-02, the current fee will generate an estimated \$2.1 million assessed on 7.0 million tons, and in 2002-03, the fee will generate an estimated \$2.16 million assessed on 7.2 million tons.

19. Some would argue that an increase in the state recycling tipping fee from the current \$0.30 per ton would be an appropriate method of generating revenues for state recycling programs because the fee would be directly linked to the amount of solid waste generated. This could provide a direct incentive to reduce the amount of waste generated and increase the amount of recycling. Further, producers of waste in other states (22% of waste disposed in 2000 that is subject to the fee) as well as in-state waste generators that utilize Wisconsin landfills would be subject to the tipping fees.

20. Others would argue that the current recycling tipping fee or an increase in the state tipping fee merely redistributes the costs of state recycling programs from nonresidential waste and generators of large quantities of solid waste to municipal and residential recycling programs. Further, it could result in some communities with lower cost recycling programs that generate relatively high quantities of solid waste paying more in tipping fee increases than they receive from the state in recycling grants.

21. Some would argue that an increase in the state tipping fee should be applied to all waste currently subject to the state tipping fees. Under this alternative, fees on nonresidential commercial and industrial waste would pay for a portion of state recycling programs, including the grants for local residential recycling programs. On the other hand, some would argue that high-volume industrial wastes should not be subject to increases in the state tipping fees. Generators of high-volume industrial wastes do not receive assistance from local or state residential recycling programs. In addition, quantities of high-volume industrial wastes such as paper mill sludge increase as production of paper from recycled paper increases.

22. As tipping fees increase, the amount of solid waste landfilled would be expected to decrease. There would be a corresponding decrease in the amount of revenue per cent or dollar of existing tipping fees or potential new tipping fees for recycling. While it may not be possible to precisely predict the impact of increasing amounts of tipping fees on the amount of solid waste, several factors could influence the amount of solid waste subject to the tipping fee. These include: (a) the amount of out-of-state waste disposed of in Wisconsin might decrease; (b) industries might increase the beneficial reuse of wastes, decreasing the number of tons subject to current and increased tipping fees; and (c) residential, commercial and industrial generators of solid waste might recycle more and dispose of less waste. The actual change in the number of tons would depend on how these factors impact the decisions of waste generators about the amount of waste they dispose of and where they dispose of it.

23. If the state tipping fee would be increased by \$1 on all solid waste currently subject to the recycling tipping fee, effective January 1, 2002, the fee would generate approximately \$7.1 million annually to fund recycling programs. A \$3 per ton fee increase on all waste currently subject to the recycling tipping fee may be expected to result in a reduction of approximately 5% in the number of landfilled tons, and generate additional revenues of \$19.5 million annually. A \$5 per ton tipping fee may result in a reduction of approximately 10% in the number of tons and generate \$29.2 million annually. However, due to the lack of specific data, the revenue impact of various tipping fee increases must be considered speculative.

24. If the recycling tipping fee is increased as a funding source for recycling programs and the number of tons of solid waste landfilled decreases, revenues to the environmental fund would decrease. This revenue shortfall could be offset by increasing the state tipping fees deposited in the environmental fund. For example, if the number of tons declines by 5% under a \$3 per ton tipping fee increase for recycling, environmental fund tipping fees would generate approximately \$470,000 less. This could be offset by increasing the environmental fund tipping fee for all solid waste by approximately 3¢ per ton.

25. If the recycling tipping fee is increased effective with waste disposed of on January 1, 2002, there would be one quarterly payment of revenue in 2001-02 and a full year in 2002-03.

C. General Purpose Revenues

26. Some have argued that state funding for recycling programs should be provided from the general fund because recycling activities benefit all of the citizens of the state. General purpose revenues (GPR) could either be transferred from the general fund to the recycling fund for recycling programs or could be directly appropriated for recycling activities.

27. Alternatively, it could be argued that funding for state and local recycling programs should continue to be funded from a combination of the recycling business surcharge, tipping fees on waste generators and local governments. Under this scenario, each funding source funds a portion of the costs of recycling programs in the state.

ALTERNATIVES

A. Recycling Surcharge [Change to Bill]

1. Approve the Governor's recommendation to require noncorporate farms to pay the same recycling surcharge as other noncorporate businesses [sole proprietorships, partnerships, limited liability companies taxable as partnerships and S corporations]. Under this provision, noncorporate farms with less than \$4,000,000 in gross receipts would be excluded from paying the surcharge. Noncorporate farms with gross receipts of more than \$4,000,000 would pay 0.2% of net business income, subject to a minimum payment of \$25 and a maximum payment of \$9,800. This provision would first apply to tax years beginning on January 1, 2001, and is estimated to have a minimal fiscal effect.

2. Adopt the Governor's recommendation and, in addition, modify the current recycling surcharge to change the current rate or exclusion amount beginning with tax year 2001 with one of the following options:

| <u>Rate</u> | <u>2001-02 (Millions)</u> | | <u>2002-03 (Millions)</u> | |
|-------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| | <u>Total Revenue</u> | <u>Change to Bill</u> | <u>Total Revenue</u> | <u>Change to Bill</u> |
| a. 2.0% (0.158%) | \$11.34 | -\$3.00 | \$11.35 | -\$3.01 |
| b. 3.5% (0.2765%) | 15.80 | 1.46 | 15.80 | 1.44 |
| c. 4.0% (0.316%) | 17.09 | 2.75 | 17.11 | 2.75 |
| d. 4.5% (0.3555%) | 18.30 | 3.96 | 18.33 | 3.97 |
| e. 5.0% (0.395%) | 19.45 | 5.11 | 19.48 | 5.12 |

| <u>Exclusion</u> | <u>2001-02 (Millions)</u> | | <u>2002-03 (Millions)</u> | |
|------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| | <u>Total Revenue</u> | <u>Change to Bill</u> | <u>Total Revenue</u> | <u>Change to Bill</u> |
| f. \$1 Million | \$18.65 | \$4.31 | \$18.67 | \$4.31 |
| g. \$2 Million | 16.55 | 2.21 | 16.57 | 2.21 |
| h. \$3 Million | 15.24 | 0.90 | 15.26 | 0.90 |
| i. \$5 Million | 14.01 | -0.33 | 14.02 | -0.34 |

3. Eliminate the recycling surcharge.

| <u>Alternative A3</u> | <u>SEG</u> |
|---|----------------|
| 2001-03 REVENUE (Change to Bill) | - \$28,700,000 |

4. Maintain current law.

B. Recycling Tipping Fees [Change to Base]

1. Increase the current \$0.30 state recycling tipping fee on all solid waste currently subject to state recycling tipping fees and deposit the revenues in the recycling fund. (This would exclude high-volume industrial waste.) In addition, increase the current state tipping fee on all solid waste, other than high-volume industrial waste, that is deposited in the environmental fund to offset the amount by which environmental fund revenues could be expected to decrease as the number of tons landfilled decreases. Provide an increase of one of the following amounts of state tipping fees per ton, effective with waste landfilled on January 1, 2002.

| | <u>Increase in Recycling Tipping Fee</u> | <u>Environmental Fund Additional Tipping Fee</u> | <u>Total Fee Increase</u> | <u>Recycling Revenues 2001-02</u> | <u>Recycling Revenues 2002-03</u> |
|----|--|--|---------------------------|-----------------------------------|-----------------------------------|
| a. | \$0.70 | 0¢ | \$0.70 | \$1,225,000 | \$4,900,000 |
| b. | 1.70 | 1 | 1.71 | 2,950,000 | 11,800,000 |
| c. | 2.70 | 3 | 2.73 | 4,475,000 | 17,900,000 |
| d. | 3.70 | 4 | 3.74 | 5,875,000 | 23,500,000 |
| e. | 4.70 | 6 | 4.74 | 7,000,000 | 28,000,000 |
| f. | 5.70 | 7 | 5.77 | 8,300,000 | 33,200,000 |
| g. | 6.70 | 8 | 6.78 | 9,552,500 | 38,210,000 |
| h. | 7.70 | 9 | 7.79 | 10,732,500 | 42,930,000 |
| i. | 8.70 | 10 | 8.80 | 11,852,500 | 47,410,000 |
| j. | 9.70 | 10 | 9.80 | 12,912,500 | 51,650,000 |

2. Establish a state recycling tipping fee on high-volume industrial waste and deposit the revenues in the recycling fund. In addition, increase the current state tipping fee on high-volume industrial waste, that is deposited in the environmental fund to offset the amount by which environmental fund revenues could be expected to decrease as the number of tons landfilled decreases. Provide for one of the following state tipping fees per ton, effective with high-volume waste landfilled on January 1, 2002.

| | <u>High-Volume Industrial Waste Recycling Tipping Fee</u> | <u>Environmental Fund Additional Tipping Fee</u> | <u>Total Fee Increase</u> | <u>Recycling Revenue 2001-02</u> | <u>Recycling Revenues 2002-03</u> |
|----|---|--|---------------------------|----------------------------------|-----------------------------------|
| a. | \$0.30 | 0¢ | \$0.30 | \$127,500 | \$510,000 |
| b. | 0.50 | 0 | 0.50 | 212,500 | 850,000 |
| c. | 1.00 | 0 | 1.00 | 420,000 | 1,680,000 |
| d. | 2.00 | 1 | 2.01 | 825,000 | 3,300,000 |
| e. | 3.00 | 2 | 3.02 | 1,212,500 | 4,850,000 |
| f. | 4.00 | 3 | 4.03 | 1,580,000 | 6,320,000 |
| g. | 5.00 | 4 | 5.04 | 1,912,500 | 7,650,000 |
| h. | 6.00 | 5 | 6.05 | 2,270,000 | 9,080,000 |

3. Eliminate the \$0.30 per ton recycling tipping fee.

| Alternative B3 | SEG |
|---|----------------|
| 2001-03 REVENUE (Change to Base) | - \$3,735,000 |
| [Change to Bill] | - \$3,735,000] |

4. Maintain current law (\$0.30 per ton on non-high volume solid waste).

Prepared by: Kendra Bonderud and Ron Shanovich