



Legislative Fiscal Bureau

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

May 11, 2005

Joint Committee on Finance

Paper #572

Electronic Reporting System (DNR – Air, Waste, and Contaminated Land)

[LFB 2005-07 Budget Summary: Page 386, #14]

CURRENT LAW

DNR is in the process of developing an electronic reporting system for the environmental site register. The environmental site register is a database that contains information about facilities, organizations, and people regulated by DNR. It includes information such as facility contacts, location, license, permit, activity, emission and compliance status.

GOVERNOR

Provide \$20,000 PR in 2005-06 and \$45,300 PR in 2006-07 for costs associated with processing electronic information in a new continuing appropriation in the Division of Enforcement and Science. Further, authorize the Department to promulgate rules specifying fees to cover the costs of electronically receiving and providing information under programs in Chapters 280 to 299 of the statutes (general environmental regulations including drinking water, wastewater, mining, air pollution, solid waste, recycling, hazardous waste, and remedial action at contaminated sites). Fees would be collected from persons that chose to submit various types of information electronically.

DISCUSSION POINTS

1. DNR's Bureau of Integrated Science Services in the Division of Enforcement and Science received a grant from the U.S. Environmental Protection Agency of approximately \$54,000 to develop an environmental site register computer application. The environmental site register will include information about facilities that are subject to environmental regulations. The computer application will allow owners or operators of regulated facilities to use the Internet to make changes

in information included in the DNR computer database related to the facility.

2. Examples of information the facility operator would be able to change include the address, contact person, telephone number, monitoring data for wastewater or air emissions, and test results from laboratories. DNR would determine which pieces of data could be changed by the facility. Each facility that wants to report information electronically would have to sign a trading partner agreement that would establish rules related to the timing of electronic submittals, password protection, and data quality, and the facility operator would have to certify that the submitted information is correct. A facility would be able to change a piece of information such as a facility address once to apply to all regulated programs rather than have to directly notify multiple programs in DNR.

3. DNR officials anticipate that the electronic reporting system for the environmental site register will be available for facilities to begin using by approximately the summer of 2005.

4. The funds provided in the bill would be used to purchase hardware and software to make the system more efficient and easier for customers to use. In addition, resources would support limited-term employees to work on system enhancements, training and outreach, quality assurance activities, and development of the trading partner agreements.

5. DNR officials anticipate that facilities would be willing to pay an electronic submission fee for the convenience of being able to submit information electronically. Facilities might find a fee to be less costly than costs to the business of submitting paper information to DNR.

6. Currently, when facilities submit paper reports and information to DNR, the Department or a contractor hired by DNR key the information into the database. DNR officials anticipate that Department costs would decrease as facilities submit information electronically.

7. In its 2003-05 biennial budget request, DNR requested \$78,000 SEG annually from the environmental management account to develop internet-based data reporting. The Governor did not include DNR's request in his 2003-05 budget submittal to the Legislature. AB 100 does include the fee provision that was in DNR's 2005-07 biennial budget request.

8. DNR environmental regulatory programs have worked independently of each other to develop electronic reporting systems for their specific programs. Changes made in the information entered into the computerized database for one program do not change the same information in the database for other programs. The Bureau of Integrated Science Services is attempting to coordinate the various program databases into one large department-wide electronic reporting system, provide a centralized point of contact and perform quality control for the system.

9. DNR has not determined how the fees would be structured, or how much the Department would be able to collect until they begin to meet with interested parties through the rule process. DNR officials anticipate that there might be a fee per computer screen entered by the facility, or a fee added to the annual environmental fees billing statement sent to regulated facilities.

10. It could be argued that the provision would provide a financial disincentive for

regulated facilities that submit information electronically instead of by paper. DNR indicates that facilities that continue to submit information by paper would not be assessed a fee.

11. An alternative method of funding the electronic reporting system would be to provide an increase in the appropriation for the Bureau of Integrated Science Services instead of establishing the fee. For example, the Bureau's appropriation from the segregated environmental management account could be increased by the same level (\$20,000 in 2005-06 and \$45,300 in 2006-07) recommended by the Governor, but no fee system would be created.

12. Another method of funding the electronic reporting system would be to directly fund the Bureau of Integrated Science Services and make a corresponding decrease in the appropriations of the DNR programs that will benefit from the centralized database system. For example, the environmental management account provides significant levels of program funding for the Waste Management, Remediation and Redevelopment, Watershed Management and Drinking Water and Groundwater program. The air emissions tonnage fee program revenue appropriation provides much of the funding of the Air Management program. The Bureau of Integrated Science Services also has an appropriation from those two funding sources. The Committee may wish to consider transferring funds from each of the five programs above, to the Bureau of Integrated Science Services. A transfer from each program of \$4,000 in 2005-06 and \$9,000 or \$9,100 in 2006-07 would be sufficient to fund the electronic reporting system activities proposed in the bill (as shown in the table under Alternative 3).

13. If the Governor's recommendation is not approved, DNR could choose to reallocate funds from the programs that use the electronic reporting system to the Integrated Science Services program to pay for the level of coordinated services and operation of the electronic reporting system that is desired by the Department. Alternatively, DNR could seek authority for a fee system at some future date, when fee levels and other program details are developed.

ALTERNATIVES

1. Adopt the Governor's recommendation to provide \$20,000 PR in 2005-06 and \$45,300 PR in 2006-07 for costs associated with processing electronic information in a new continuing appropriation in the Division of Enforcement and Science. Further, authorize the Department to promulgate rules specifying fees to cover the costs of electronically receiving and providing information under programs in Chapters 280 to 299 of the statutes.

2. Delete the provision. Instead, provide \$20,000 SEG in 2005-06 and \$45,300 SEG in 2006-07 from the environmental management account of the environmental fund to the Bureau of Integrated Science.

<u>Alternative 2</u>	<u>PR-REV</u>	<u>PR</u>	<u>SEG</u>	<u>TOTAL</u>
2005-07 REVENUE (Change to Bill)	- \$65,300			- \$65,300
2005-07 FUNDING (Change to Bill)		- \$65,300	\$65,300	\$0

3. Delete the provision. Instead, transfer \$16,000 environmental fund SEG and \$4,000 PR (air emission tonnage fees) in 2005-06 and \$36,200 SEG and \$9,100 PR in 2006-07, and decrease \$16,000 SEG and \$4,000 PR in 2005-06 and \$36,200 SEG and \$9,100 PR in 2006-07, distributed as shown in the table.

Alternative for Funding Electronic Reporting System from Existing Programs

<u>Program</u>	<u>Funding Source</u>	<u>Type</u>	<u>2005-06</u>	<u>2006-07</u>
Waste Management	Environmental management account	SEG	-\$4,000	-\$9,000
Remediation and Redevelopment	Environmental management account	SEG	-4,000	-9,000
Air Management	Air emission tonnage fees	PR	-4,000	-9,100
Watershed Management	Environmental management account	SEG	-4,000	-9,100
Drinking Water and Groundwater	Environmental management account	SEG	-4,000	-9,100
Integrated Science Services	Environmental management account	SEG	16,000	36,200
Integrated Science Services	Air emission tonnage fees	PR	4,000	9,100
Integrated Science Services	Processing electronic information (AB 100)	PR	<u>-20,000</u>	<u>-45,300</u>
Total			-\$20,000	-\$45,300

<u>Alternative 3</u>	<u>PR-REV</u>	<u>PR</u>
2005-07 REVENUE (Change to Bill)	-\$65,300	
2005-07 FUNDING (Change to Bill)		-\$65,300

4. Maintain current law.

<u>Alternative 4</u>	<u>PR-REV</u>	<u>PR</u>
2005-07 REVENUE (Change to Bill)	-\$65,300	
2005-07 FUNDING (Change to Bill)		-\$65,300

Prepared by: Kendra Bonderud