Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2015 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **15-0021/1**	Introduction Number **AB-0701**

Description
Action required to be taken in response to a discharge of hazardous substances, exemption from liability for certain hazardous substance discharges, providing an exemption from emergency rule procedures, and granting rule-making authority

Fiscal Effect

State:
- ☐ No State Fiscal Effect
- ☐ Indeterminate
  - ☐ Increase Existing Appropriations
  - ☐ Decrease Existing Appropriations
  - ☐ Create New Appropriations
  - ☐ Increase Existing Revenues
  - ☐ Decrease Existing Revenues
  - ☒ Increase Costs - May be possible to absorb within agency's budget ☒ Yes ☐ No
  - ☐ Decrease Costs

Local:
- ☒ No Local Government Costs
- ☐ Indeterminate
  1. ☐ Increase Costs ☐ Permissive ☐ Mandatory
  2. ☐ Decrease Costs ☐ Permissive ☐ Mandatory
  3. ☐ Increase Revenue ☐ Permissive ☐ Mandatory
  4. ☐ Decrease Revenue ☐ Permissive ☐ Mandatory
  5. Types of Local Government Units Affected
     ☐ Towns ☐ Village ☐ Cities
     ☐ Counties ☐ Others
     ☐ School Districts ☐ WTCS Districts

Fund Sources Affected
☐ GPR ☒ FED ☒ PRO ☐ PRS ☒ SEG ☐ SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By	Authorized Signature	Date
DNR/ Joe Polasek (608) 266-2794	Joe Polasek (608) 266-2794	1/13/2016

Fiscal Estimate Narratives

DNR 1/13/2016

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Assumptions Used in Arriving at Fiscal Estimate

The bill includes changes to a section of current law regarding requirements related to residual contamination remaining after a cleanup is complete. Specifically, this bill clarifies the requirements that apply to property owners and responsible parties if residual contamination remains after a sediment remediation project. One of the additions to this section in the bill relates to use of engineering controls for sediment remediation. Under the bill, the Department may require that a party submit a plan and schedule for maintaining and monitoring an engineering control and provide proof of financial responsibility sufficient to pay the costs of implementing that plan.
The bill also extends the existing Voluntary Party Liability Exemption laws to contaminated sediment sites and describes the requirements to obtain the exemption for contaminated sediment sites.

Fiscal Impact

The bill will increase costs to the Department for staff salary and expenses.

1) Annual staff costs for technical review and oversight of VPLE sediment sites. VPLE is funded through hourly oversight fees so the additional staff time will be covered by a fee charged by the Department to the party conducting the cleanup. The number of sediment cleanup sites that will enter the VPLE program is unknown but estimated to be small because the number of contaminated sediment sites in the state is approximately 100 or fewer. Furthermore, many of those sites may not be appropriate candidates for VPLE or the voluntary party may not be interested in entering VPLE. Each sediment cleanup is complex and requires extensive technical oversight by the Department. The current oversight fee is $105 per hour. The Department estimates that between 2 and 5 sediment cleanups may be in VPLE at one time and approximately 100 hours of cumulative time would be spent on technical review and oversight annually, for an estimated annual cost of $10,500. The increased staff costs would be covered by fee-based program revenues.

2) Promulgating administrative rules - The bill requires the Department promulgate a rule for VPLE insurance for sediment cleanups and provides an option for the Department to promulgate a rule related to proof of financial responsibility when an engineering control is used. The Department estimates it would take approximately 0.25 FTE of staff time to promulgate these rules. Natural Resource Program Coordinator ($53.6/hr salary and fringe) x 2080 hours + $5200 supplies related expenses = $116,688 x 0.25 FTE = $29,200. The Department may be able to absorb these increased costs within the existing budget by using federal EPA brownfield grant funds.

Long-Range Fiscal Implications

292.12 Sites with residual contamination after cleanup: The bill allows the State to require that a party submit a plan and schedule for maintaining and monitoring an engineering control and provide proof of financial responsibility sufficient to pay the costs of implementing that plan where an engineering control is used as part of the remedy for a contaminated sediment project. In the event the control fails and the responsible parties are unable to monitor and maintain the engineering control because the financial assurance is insufficient to cover the costs, the State may need to spend state money to investigate, remediate, repair or replace an engineering control. 292.15 Voluntary Party Liability Exemption (VPLE) for contaminated sediment cleanups: The bill extends the existing VPLE law to contaminated sediment sites, which affords a liability exemption to the party when a certificate of completion (COC) is issued. Sediment sites are technically challenging to conduct a complete environmental investigation and to be certain that

remedial actions have adequately removed or reduced degree and extent of contaminants to acceptable levels. The VPLE COC would exempt the responsible party in perpetuity; timeframes and availability of insurance and financial assurance may not be sufficient to cover future environmental costs. The cost for additional sediment investigation and remediation may become the responsibility of the State.

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Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

$29,200 in one-time costs for promulgating administrative rules

II. Annualized Costs:	**Annualized Fiscal Impact on funds from:**	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	$10,500	$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	**$10,500**	**$**
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS	10,500	
SEG/SEG-S		

III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)

	Increased Rev	Decreased Rev
GPR Taxes	$	$
GPR Earned		
FED		
PRO/PRS	10,500	
SEG/SEG-S		
TOTAL State Revenues	**$10,500**	**$**

NET ANNUALIZED FISCAL IMPACT

	State	Local
NET CHANGE IN COSTS	$10,500	$
NET CHANGE IN REVENUE	$10,500	$

Agency/Prepared By	**Authorized Signature**	**Date**
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