



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Scott Walker, Governor
Cathy Stepp, Secretary

101 S. Webster St.
Box 7921
Madison, Wisconsin 53707-7921
Telephone 608-266-1967
FAX 608-267-0496
TTY Access via relay - 711

Assembly State Affairs and Government Operations AB-439 Public Disclosure Licensed Dry Cleaners

Good afternoon Mr. Chairman and committee members; my name is Sarah Bradley and I am a grant manager at the Department of Natural Resources. Thank you for allowing me to testify for informational purposes on AB 439.

I'd like to give you just a little history. The Dry Cleaner Environmental Response Fund (DERF) was developed by law in 1997. It was developed by the Wisconsin dry cleaning industry as a reimbursement program for the investigation and clean-up costs of contaminated dry cleaning facilities. Dry cleaning facilities are most commonly contaminated with PERC (aka, tetrachloroethylene/perchloroethylene), the primary solvent used for dry cleaning. DERF is funded by a fee on gross receipts of dry cleaning and a per gallon fee on solvents, paid to the Department of Revenue (DOR). Anticipated annual revenue was \$1.2 million. By 2007 the annual fee collection dropped over 30% from the 2000 revenue level, down to \$938,000. In response to the program revenue shortfall, the Governor's Dry Cleaners Environmental Response Council recommended the gross receipt fee increase from 1.8% to 2.8%. The increase was implemented at the beginning of state fiscal year 2008. Even with the fee increase and the end of the recent recession, program revenue continues to decline. Revenue for 2013 was \$811,000 – a 40% decline from the 2000 revenue levels.

The decrease in revenue experienced by Wisconsin dry cleaners is the same trend experienced nationwide due to a declining demand for dry cleaning services. Many rural family run businesses have been forced to cease operation due to the continuous industry decline. This steady decline in the dry cleaning industry directly impacts the fees generated for the Dry Cleaner Environmental Response Fund. An estimated \$20 million of DERF site clean-up remains to be completed before the sunset of the DERF program in 2032.

That brings us to Assembly Bill 439. In December of 2011 the Governor's Dry Cleaners Environmental Response Council, comprised of representatives of the Wisconsin dry cleaning industry, published the Five-Year Report on Wisconsin's Drycleaner Environmental Response Fund. In the report a recommendation is made for DOR to publicize the list of licensed dry cleaners as an incentive for dry cleaning business compliance with license and fee requirements. The public list would also be utilized by solvent suppliers who, as required by law, may only sell or deliver solvent to a licensed dry cleaning facility. Illinois and Minnesota have similar laws for public disclosure of dry cleaning facilities.

The council recommendation is as follows:

Ensure that all active dry cleaning businesses are paying license fees. Department of Revenue should be directed to publish quarterly a list of all licensed dry cleaners, along with their license status – either current or delinquent. Section 299.27(2), Wis. Stats., requires that dry cleaning solvent not be sold or delivered to dry cleaning facilities unless they are licensed. Publishing the list of licensed dry cleaners, along with their current fee status would identify dry cleaners that are not licensed and/or are not paying license fees. Department of Revenue does not currently publish this information because it is covered by confidentiality of tax returns. However, confidentiality of tax records could be maintained while publically disclosing the name and location of licensed dry cleaner facilities in the state. This action by the Legislature would help ensure that fees are fairly being paid by all active dry cleaners.

Thank you, and I will answer any questions you may have.