



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #570

### **Clean Sweep Grant Programs (Agriculture, Trade and Consumer Protection and Natural Resources)**

[LFB 2003-05 Budget Summary: Page 59, #13]

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#### **CURRENT LAW**

The Department of Agriculture, Trade and Consumer Protection (DATCP) is appropriated \$560,400 annually from the segregated agrichemical management (ACM) fund for the agricultural clean sweep program. The program provides grants to counties for the collection of pesticides and farm chemicals from farmers, businesses, households, schools and government agencies. These grants must be matched by a minimum county contribution of \$3,000 per project, which includes cash or services. While there is no maximum grant award set in statute or administrative code, DATCP determines the maximum grant internally each grant cycle in order to ensure that all eligible counties receive some funding. The current maximum grants are \$16,000 for single event counties, \$22,000 for permanent sites and \$30,000 for the Northwest Regional Planning Commission (based on their service area of Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor and Washburn Counties and the tribal governments of the Bad River, Red Cliff, Lac du Flambeau, Lac Courte Oreilles and St. Croix). Commercial firms known as "very small quantity generators" are allowed to bring in hazardous wastes to agricultural clean sweep sites and dispose of it, provided they pay a 50% cost share for the waste's disposal. Very small quantity generators are firms that do not produce more than 100 kilograms (220 pounds) of hazardous waste in any given month, and that do not accumulate quantities of more than 1,000 kilograms (2,205 pounds) of hazardous waste.

The Department of Natural Resources (DNR) operates the household clean sweep hazardous waste grant program, which aims to divert household hazardous wastes from municipal landfills sewers and septic systems. Upon collection by municipalities through a clean sweep program, these wastes are transported to licensed hazardous waste facilities for treatment, storage, or disposal. Wastes targeted under this program include automotive maintenance

products, household cleaners, paints, solvents and pesticides. Under the program, grants are awarded in an amount equal to 75% of total eligible program costs, but not to exceed \$15,000 per grant. All municipalities are eligible, but priority is given to applicants that demonstrate a commitment to annual clean sweep programs. Municipalities that are awarded grants can request a 75% advance payment of the state grant amount. The remaining 25% is paid to the grantee after the final report has been submitted and final project expenditures have been audited by the DNR. This program is funded out of the environmental management account at \$150,000 annually.

## **GOVERNOR**

Transfer funding of agricultural chemical and pesticide collection grants (the agricultural "clean sweep" program) from the agrichemical management fund to the recycling fund.

## **DISCUSSION POINTS**

1. DATCP's agrichemical management (ACM) fund receives revenues from several feed, fertilizer and pesticide license and tonnage fees. These funds are used for: (a) DATCP administration of the cleanup grant program and inspection and regulation of the individuals and businesses that manufacture and distribute feed, fertilizer and pesticide products in Wisconsin; (b) DATCP administration of groundwater management programs; (c) agricultural clean sweep grants to counties to prevent contamination through agrichemical collection; and (d) agriculture in the classroom program grants that help teachers educate students about agriculture. For 2002-03, revenues deposited into the ACM are expected to be about \$5.1 million, with expected expenditures of \$6.2 million. With funding of DATCP's agricultural clean sweep program being transferred, under the bill, the ACM is estimated to have a June 30, 2005, balance of \$630,000.

2. DATCP makes grants under the agricultural clean sweep program to both permanent and non-permanent sites. There are currently 14 permanent clean sweep sites in Wisconsin. These are located in Brown, Dane, Marathon, Jefferson, Milwaukee, Oneida, Polk, Sheboygan, Waukesha, Waupaca, Winnebago and Wood counties, plus the Northwest Regional Planning Commission and the city of Kenosha (the city of Kenosha coordinates services with Kenosha County in order to be eligible for a grant). Some of these sites may not operate every year, but they operate all season in years when they are conducting clean sweeps. DATCP provides grants to about eight of these permanent sites each year through the clean sweep program.

3. In 2001-02, grant expenditures under the agricultural clean sweep program were administered by 1.3 FTE that were supported by \$109,300 for salary, fringe benefits and supplies. These staff prepare grant awards, informational, educational and promotional materials, hold training and planning meetings with the hazardous waste vendor and counties to discuss procedures and jointly schedule events for collection efficiency, process final collection reports and reimbursements, and attend the events to help coordinate activities. Grants awarded in 2001-02 totaled \$365,000. DATCP has provided \$403,500 for clean sweep grants in 2002-03. This funding

consists of \$204,000 in grants for events held in the spring of 2002 (which were paid after July 1, 2002), and \$199,500 for events held in the fall of 2002 (which were paid after January 1, 2003). DATCP has received requests of \$381,000 for grants for events to be held in calendar year 2003 (\$177,000 for the spring and \$204,000 for the fall). Department officials indicate that grants for the spring of 2003 will be awarded, but actual reimbursement will be provided in fiscal year 2003-04.

4. In July of 2002, DATCP sent a letter to county clean sweep coordinators informing them that the Department would honor all funding commitments for county clean sweep contracts and permanent collection sites through December 31, 2002, but that it appeared unlikely that funding would be available for 2003 clean sweeps or permanent site contracts (DATCP officials have subsequently stated that they will fund spring of 2003 events) due to a projected negative balance in the ACM fund. As a result, the Governor has recommended transferring funding of the agricultural clean sweep program from the ACM fund to the recycling fund, and recommended increasing fees that are deposited into the ACM fund.

5. State recycling programs are funded from the segregated recycling fund. Revenues to the recycling fund are provided from the recycling surcharge and recycling tipping fee. Appropriations from the fund are used to administer statewide solid waste recycling and waste reduction regulations, financial assistance programs, and educational and technical assistance initiatives. The largest expenditure from the recycling fund, approximately two-thirds of all cumulative expenditures, is the DNR municipal and county recycling grant program, which provides financial assistance to responsible units of local governments for eligible recycling expenses. Under the bill, the recycling fund is expected to have a June 30, 2005, balance of approximately \$12 million.

6. In addition to the DNR household clean sweep program, the environmental management account of the segregated environmental fund is primarily used for brownfields and contaminated land cleanup programs. It includes appropriations for DNR administrative, enforcement, preventative, cleanup and groundwater management activities. The account also funds Commerce brownfields grants (which would be consolidated within DNR under the bill), DNR brownfields grants, DNR state-funded response where there is no responsible party able or willing to undertake the cleanup, and environmental programs administered by the Department of Health and Family Services, Department of Military Affairs, and the University of Wisconsin System.

7. Revenues to the environmental management account totaled \$29.6 million in 2001-02. The main revenue source is the vehicle environmental impact fee of \$9 assessed at the time of titling new and used vehicles. (Under the bill, the fee would be increased from \$9 to \$10.50 on the effective date of the bill, and the December 31, 2003, sunset would be repealed.) In 2001-02, the vehicle environmental impact fee provided 41% of the revenue to the account. Other revenues include solid waste tipping fees, funds transferred from the petroleum inspection fund, pesticide and fertilizer fees collected by DATCP, sanitary permit surcharge fees collected by Commerce, hazardous spills reimbursements recovered from responsible parties after DNR cleans up hazardous substances spills with state funds, other environmental fees, and in the 2001-03 biennium only,

transfers from tribal gaming revenue.

8. DNR is appropriated \$150,000 SEG annually from the environmental management account for grants to municipalities for household hazardous waste collection and management programs (clean sweep). During 1998-99 through 2001-02, DNR made awards for household hazardous waste grants with an additional \$579,600 that was provided by Menards, Inc. as part of a stipulated court settlement for hazardous waste disposal violations. Household hazardous waste clean sweep programs are specifically aimed at hazardous wastes generated by single family households, and do not collect hazardous wastes generated by small industries, institutions or agricultural activities. Household hazardous wastes may include old, unused and unwanted automotive maintenance products, household cleaners, paints, solvents and pesticides.

9. DATCP currently deposits a \$30 fee into the environmental fund from household pesticide product license fees. These deposits total about \$160,000 annually. As a result, one option would be to discontinue the deposit of these fees into the environmental management account and instead deposit them into the agricultural management fund, while transferring funding and administration of the household hazardous waste collection and management programs from DNR to DATCP.

10. DATCP's agency budget request for the 2003-05 biennium included the request to merge DATCP's agricultural clean sweep program and DNR's urban clean sweep program under the authority of DATCP. This request included the deletion of \$150,000 annually from the environmental fund for the household clean sweep program in DNR and the deletion of the deposit of a \$30 fee into the environmental fund from household pesticide product license fees collected by DATCP (\$160,000), and to instead place this revenue in the ACM fund.

11. In April, 2003, the Secretaries of DATCP and DNR issued a joint letter supporting the consolidation of administration of DATCP's agricultural clean sweep program and DNR's household hazardous waste collection program under DATCP, as soon as practicable. Further, the Secretaries proposed that DATCP discontinue the transfer of the \$30 household pesticide product fee to DNR effective for grants approved in September, and, instead, retain these funds in the ACM fund, while funding the household hazardous waste program from the ACM fund. The Secretaries argued that the two programs would maintain their unique identities, but that consolidation would improve the programs by streamlining the grant process for local governmental units seeking grants. The Secretaries proposed that DNR would issue the next request for proposals under the household hazardous waste program in July, 2003, with both agencies jointly selecting by September 1, 2003, the proposals to be funded during calendar year 2004. The Secretaries agreed that DATCP would administer the household hazardous waste program under the provisions of NR 187, until appropriate DATCP rulemaking is completed. Provided these changes are adopted, DATCP also argues that it should be able to use unused funds in either program for grants in the other program, in order to ensure that the statutorily authorized amount of funding is available for clean sweep grants each fiscal year.

12. At the September 11, 2002, meeting of the Council on Recycling, a DATCP official

described the DATCP clean sweep program, and indicated that pesticides constitute about 40% of the materials collected in DATCP rural clean sweep programs, and about 10% of the materials collected in DNR household clean sweep programs. As a result, it could be argued that pesticide revenues are a more appropriate funding source for agricultural clean sweep programs, where perhaps about 40% of materials collected are pesticides, than for household clean sweep programs, where about 10% of the collected materials may be pesticides. For agricultural clean sweeps remaining materials are primarily hydraulic fluid and other petrochemicals, acids and cleaner, paints, anti-freeze and veterinary supplies.

13. It could be argued that if clean sweep programs are primarily considered to be chemical cleanup programs or programs that ensure proper disposal of hazardous wastes, funding should be continued for the DATCP rural program from the ACM fund and the DNR household program from the environmental management account (or consolidated with the fees under ACM). Conversely, if the recycling fund is viewed as an appropriate source of support, both of the programs could be funded from recycling SEG.

14. Some advocates of local recycling programs believe that the recycling fund should not be used to pay for the collection of agricultural chemicals and pesticides. Under this argument, any increases in recycling fund expenditures should be used to increase state grants for local recycling programs. On average, the state recycling grants have decreased from over 50% of net eligible recycling costs to approximately 29%. In each of 1999-00 through 2002-03, \$24.5 million was provided from the recycling fund for grants to local governments for recycling program costs.

15. Others may argue that the recycling fund is an acceptable source of funding for programs that keep hazardous wastes out of landfills in the state.

16. DATCP officials argue that recycling efforts are a component of clean sweep programs and these programs have undertaken container recycling efforts. Through the agricultural clean sweep program, DATCP provides assistance for recycling efforts. In 2002, DATCP provided \$1,300 and staff assistance from the agricultural clean sweep program to the Wisconsin Fertilizer and Chemical Association (WFCA) for their annual program to collect and recycle plastic pesticide containers. WFCA collected 167,000 pounds of plastics in 2002, bringing the program total to nearly 1.5 million pounds. A few of the permanent sites (Marathon, Dane and Brown Counties) that are partially funded by DATCP allow product "exchanges" where usable products are "recycled" to other users. However, these exchanges are limited due to uncertainty regarding the quality of most of the materials collected. Some may argue that due to these recycling efforts through the clean sweep program, the recycling fund is an appropriate source from which to fund clean sweep programs. Further, they may argue that the broad-based recycling fund (tipping fees and business surcharge) would be a more appropriate funding source for clean sweeps than the ACM fund (feed, fertilizer and pesticide fees).

17. Moreover, it is argued that because the objective of the clean sweep program is to properly dispose of hazardous chemical wastes, and keeping these wastes out of Wisconsin landfills is compatible with the goals of the recycling program, funding for clean sweep programs should be

transferred to the recycling fund.

## **ALTERNATIVES**

1. Approve the Governor's recommendations to transfer funding of the agricultural clean sweep program from the ACM fund to the recycling fund.

2. Approve the Governor's recommendation. In addition, consistent with the request by DATCP and DNR, transfer \$150,000 SEG annually in expenditures for the household clean sweep grant program from the environmental fund to the ACM. Further, transfer the deposit of the \$30 fee for household pesticide product licenses from the environmental fund to the ACM (\$160,000 in revenue annually). Finally, transfer administration of the household clean sweep program from DNR to DATCP and specify DATCP administer the program under existing administrative rules until DATCP promulgates a new rule.

3. Approve the Governor's recommendation. In addition, transfer \$150,000 SEG annually in expenditures for the household clean sweep grant program from the environmental fund to the recycling fund (to consolidate all clean sweep funding in one DATCP recycling fund appropriation). Further, transfer administration of the household clean sweep program from DNR to DATCP and specify DATCP administer the program under existing administrative rules until DATCP promulgates a new rule. Finally, provide for the deposit of the \$30 fee for household pesticide product licenses (\$160,000 in revenue annually) to one of the following funds:

- a. Transfer the revenue to the ACM.
- b. Maintain current law (continue to deposit the revenue to the environmental fund).

4. Delete provision. (Retain funding of DATCP's agricultural clean sweep program from the ACM.)

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