



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #586

Nonpoint Account Revenues and Expenditures (DATCP and DNR -- Water Quality)

Bill Agency

[LFB 2007-09 Budget Summary: Page 49, #2 (part); Page 423, #4; & Page 424, #5]

CURRENT LAW

The segregated environmental fund consists of two accounts: (1) the nonpoint account; and (2) the environmental management account. While the two accounts are tracked separately, they are statutorily maintained as one fund. Currently, the nonpoint account receives a GPR transfer based on the amount of \$7.50 vehicle title transfer fees collected in the prior year. Expenditures from the account are used for a variety of purposes, ranging from DNR and DATCP administrative costs, to county conservation staffing grants, to grants to landowners for nonpoint source water pollution abatement projects.

GOVERNOR

Increase the environmental repair fee (tipping fee) on solid and hazardous waste disposed of at a waste disposal facility (a landfill) from 50¢ per ton to \$1.60 per ton (an increase of \$1.10 per ton) effective with waste disposed of beginning on July 1, 2007. Of the \$1.60, 75¢ per ton would be deposited to the nonpoint account of the environmental fund.

In addition, increase the supplemental motor vehicle title fee by \$2, from \$7.50 to \$9.50, effective with applications for title submitted beginning on October 1, 2007.

Further, delete provisions that require an annual transfer from the general fund (through a GPR sum sufficient appropriation under miscellaneous appropriations) to the environmental fund equal to the amount generated by the supplemental title fee in the previous fiscal year. Instead,

specify that the previous fiscal year's supplemental title fee revenues be transferred from the transportation fund to the nonpoint account of the environmental fund every October 1. Specify that no transfer may be made from the GPR appropriation after the effective date of the bill. Further specify that if the effective date of the bill is after October 1, 2007, revenue equal to the supplemental title fee revenue provided by the general fund to the nonpoint account in 2007-08 be transferred from the transportation fund to the general fund. [This funding mechanism will be addressed in a separate budget paper under the Department of Transportation.]

Moreover, provide an additional \$5,000,000 in 2007-08 and \$7,000,000 in 2008-09 from the nonpoint account primarily for county cost-share grants to landowners for nutrient management planning and manure management grants.

DISCUSSION POINTS

1. DNR and DATCP work jointly in controlling nonpoint source water pollution and soil erosion in the state. Each year, the two agencies develop a joint final allocation plan, which provides grant funding primarily to counties for conservation staff and support costs, landowner cost sharing, and priority watershed, soil erosion and runoff management projects. For calendar year 2007 grants (funded from state fiscal year 2006-07), DATCP allocated grants to county land conservation committees and other project cooperators through the soil and water resource management (SWRM) program and DNR allocated grants to counties through the priority watershed, targeted runoff management (TRM), and urban nonpoint source and storm water management programs. One source of funding for the agencies' nonpoint source water pollution abatement efforts is the nonpoint account of the environmental fund.

2. Under current law, the nonpoint account receives GPR funding based on a vehicle title transfer fee formula. Prior to 1997, environmental fund revenues were provided from a \$7.50 automobile title transfer fee adopted in 1991. This revenue source was selected, in part, in recognition of the nonpoint source pollution attributable to the state's transportation infrastructure and vehicle operation. However, the 1997-99 biennial budget required that title transfer fees be deposited to the transportation fund, and that instead, general fund revenues in an amount based on the annual title transfer fee revenues from the previous fiscal year be deposited to the nonpoint account to be used for nonpoint source water pollution abatement related activities. This GPR transfer (and associated investment income) is currently the sole source of nonpoint account revenue. Uncommitted segregated appropriation authority generally lapses back to the nonpoint account at the end of each year.

3. Table 1 provides an overview of the estimated nonpoint account fund condition for the 2007-09 biennium under current law.

TABLE 1**Estimated Nonpoint Account Fund Condition under Current Law**

	Actual <u>2005-06</u>	Estimated <u>2006-07</u>	Estimated <u>2007-08</u>	Estimated <u>2008-09</u>
Opening Balance	\$5,962,200	\$6,186,700	\$5,225,200	\$3,362,300
Revenue				
Title Transfer Fee	\$10,641,800	\$10,672,000	\$10,290,000	\$10,755,000
Interest	<u>641,700</u>	<u>560,000</u>	<u>400,000</u>	<u>400,000</u>
Total Revenue	\$11,283,500	\$11,232,000	\$10,690,000	\$11,155,000
Total Available	\$17,245,700	\$17,418,700	\$15,915,200	\$14,517,300
Expenditures				
<i>Agriculture, Trade and Consumer Protection</i>				
Soil and water management adm	\$1,958,400	\$1,973,700	\$2,165,900	2,165,900
Soil and water management grants	4,065,100	4,745,100	4,745,100	4,745,100
Debt service	847,700	847,700	847,700	847,700
<i>Natural Resources</i>				
Integrated science services	166,100	356,800	411,100	412,800
Nonpoint source contracts	1,050,600	997,600	997,600	997,600
TMDL development*	801,900	931,800	914,300	914,300
Nonpoint source administration	483,400	486,600	543,600	546,100
Urban nonpoint source grants	1,290,400	1,399,000	1,399,000	1,399,000
Debt service	48,400	74,300	91,600	110,200
Administrative operations	144,400	168,600	249,900	255,700
Customer assistance	<u>202,600</u>	<u>212,300</u>	<u>187,100</u>	<u>187,200</u>
Total Expenditures	\$11,059,000	\$12,193,500	\$12,552,900	\$12,581,600
Closing Cash Balance	\$6,186,700	\$5,225,200	\$3,362,300	\$1,935,700
Encumbrance/Continuing Balance**	<u>5,661,800</u>	<u>5,661,800</u>	<u>5,661,800</u>	<u>5,661,800</u>
Available Balance	\$524,900	-\$436,600	-\$2,299,500	-\$3,726,100

*TMDL is total maximum daily load and is a plan to reduce the amount of specific pollutants reaching an impaired lake or stream so water quality standards will be met.

**Includes funds that have been committed for purposes in future fiscal years, but that have not yet been expended.

Environmental Repair Fee (Tipping Fee)

4. The bill would create a 75¢ environmental repair fee (tipping fee) on solid and hazardous waste disposed of at a waste disposal facility (such as a landfill) for deposit in the nonpoint account effective with waste disposed of beginning on July 1, 2007. It is estimated that the 75¢ tipping fee would generate \$8,750,000 in revenue to the nonpoint account in the 2007-09 biennium (\$2,910,000 in 2007-08 and \$5,840,000 in 2008-09). This is \$2.8 million less than the

\$11.55 million estimated by the administration, which is primarily related to an error assuming three, rather than two, quarters of increased revenue would be received in 2007-08.

5. The tipping fee is imposed on waste generators. The owner or operator of the landfill is required to collect the fee from the generator or the person that hauls the waste to the landfill, and to pay the required tipping fees to DNR. State tipping fees become part of a landfill operator's cost of doing business, and, to the extent possible, the operator would generally build the cost of the state assessment into the fees they charge to persons who dispose of waste at the landfill.

6. Tipping fees currently support environmental programs related to recycling, groundwater, drinking water and contaminated land programs through the recycling fund and environmental management account. Supporters of the tipping fee argue additional funds are currently needed for nonpoint source water pollution abatement efforts. They argue the tipping fee would broaden revenue to the nonpoint account beyond the current revenues based on vehicle title transfer revenues. Opponents argue that tipping fee revenues have not been designated for nonpoint source water pollution abatement purposes to date, and should not be expanded to this area.

7. The fee increase in the bill would apply to waste disposed of in Wisconsin landfills on or after July 1, 2007. In discussions of tipping fees in prior years, landfill operators have indicated that it can take time to modify agreements or price contracts with waste haulers and municipalities who dispose of waste at the landfill. The bill could be amended to make the fee increase effective for waste disposed of on October 1, 2007, or the effective date of the bill, whichever is later.

8. If the Committee chooses to approve the 75¢ tipping fee increase, and changes the effective date to waste disposed of on October 1, 2007, revenue in 2007-08 would be expected to be approximately \$1.46 million instead of the \$2.9 million estimated with a July 1, 2007, effective date, because only three months of increased revenue, as opposed to six months, would be realized in 2007-08. Therefore, total revenue from the 75¢ tipping fee increase deposited to the nonpoint account can be estimated at \$7.3 million over the 2007-09 biennium (\$1,455,000 in 2007-08 and \$5,840,000 in 2008-09).

Supplemental Motor Vehicle Title Transfer Fee

9. Under the bill, the vehicle title transfer fee would be increased by \$2, from \$7.50 to \$9.50, effective with applications for title submitted beginning on October 1, 2007. The administration indicates the intent of the increased title fee provision was to have the full amount of the title fee revenues, including the amount attributable to the fee increase, transferred to the nonpoint account in the same year that those revenues are generated, and estimated these increased revenues at \$2.1 million in 2007-08 and \$2.9 million in 2008-09. However, since the amount of the transfer (under current law and under the bill) is based on the revenue collected from the supplemental title fee in the prior year, the fee increase under the bill would not result in an increase to the nonpoint account until 2008-09. As a result, the nonpoint account would first realize the

increase in supplemental title fee revenue in 2008-09, with the full increase not realized until 2009-10.

10. Table 2 provides an overview of the fund condition of the nonpoint account under the bill, reflecting the corrected title fee and tipping fee revenues. As shown in the table, nonpoint account expenditures would need to be reduced by in excess of \$6.4 million from the level in the bill over the biennium in order to maintain a positive July 1, 2009, balance in the account.

TABLE 2

Nonpoint Account Fund Condition under the Bill (as corrected)

	Actual <u>2005-06</u>	Estimated <u>2006-07</u>	Estimated <u>2007-08</u>	Estimated <u>2008-09</u>
Opening Balance	\$5,962,200	\$6,186,700	\$5,225,200	-\$182,500
Revenue				
Title Transfer Fee	\$10,641,800	\$10,672,000	\$10,290,000	\$12,763,000
Tipping Fee			1,455,200	5,839,300
Interest	<u>641,700</u>	<u>560,000</u>	<u>400,000</u>	<u>400,000</u>
Total Revenue	\$11,283,500	\$11,232,000	\$12,145,200	\$19,002,300
Total Available	\$17,245,700	\$17,418,700	\$17,370,400	\$18,819,800
Expenditures				
<i>Agriculture, Trade and Consumer Protection</i>				
Soil and water management adm	\$1,958,400	\$1,973,700	\$2,165,900	\$2,165,900
Soil and water management grants	4,065,100	4,745,100	9,745,100	11,745,100
Debt service	847,700	847,700	847,700	847,700
<i>Natural Resources</i>				
Miscellaneous				
Integrated science services	166,100	356,800	411,100	412,800
Nonpoint source contracts	1,050,600	997,600	997,600	997,600
TMDL development	801,900	931,800	914,300	914,300
Nonpoint source administration	483,400	486,600	543,600	546,100
Urban nonpoint source grants	1,290,400	1,399,000	1,399,000	1,399,000
Debt service	48,400	74,300	91,600	110,200
Administrative operations	144,400	168,600	249,900	255,700
Customer assistance and comm	<u>202,600</u>	<u>212,300</u>	<u>187,100</u>	<u>187,200</u>
Total Expenditures	\$11,059,000	\$12,193,500	\$17,552,900	\$19,581,600
Closing Cash Balance	\$6,186,700	\$5,225,200	-\$182,500	-\$761,800
Encumbrance/Continuing Balance	<u>5,661,800</u>	<u>5,661,800</u>	<u>5,661,800</u>	<u>5,661,800</u>
Available Balance	\$524,900	-\$436,600	-\$5,844,300	-\$6,423,600

11. While DOA originally estimated the new revenue associated with this fee increase to be \$2.1 million in the first year and \$2.9 million in the second year, due to revised estimates of the

number of vehicle title transfers expected the next two years, the actual increases in revenue are expected to be lower. Under the bill, the \$2 vehicle title fee increase would be expected to yield no additional revenue in 2007-08 (due to the delay explained above), and \$2 million in 2008-09.

12. Due to the delay in realizing revenue from the supplemental motor vehicle title fee increase (currently revenues are not realized in the nonpoint account until the following fiscal year), the administration subsequently recommended the bill be modified to make a quarterly transfer from the transportation fund to the nonpoint account, within 14 days following the end of each quarter, based on revenues generated in the previous quarter. For the final quarter of each fiscal year, the transfer would be made after the conclusion of the fiscal year, but would be applied to the fiscal year in which the revenues were collected. As a result, provided the increase has an effective date of October 1, 2007, the nonpoint account would realize nine months of increased revenues from the vehicle title transfer fee in 2007-08, and a full year of increased revenue in 2008-09. The quarterly transfer would be expected to increase revenues to the nonpoint account by \$2.47 million in 2007-08 and \$2.87 million in 2008-09 compared to current law. Under these changes, the nonpoint account would be projected to have a July 1, 2009, deficit of approximately \$3.1 million.

Nonpoint Account Expenditures

13. The bill would provide DATCP with increased expenditure authority of \$12 million from the nonpoint account in the 2007-09 biennium (\$5 million in 2007-08 and \$7 million in 2008-09). The administration indicates the \$12 million in new funding was originally chosen to correspond with the amount of revenue the administration estimated would be realized related to new and increased fees deposited to the nonpoint account under the bill. DOA indicates the increased expenditure authority provided to DATCP is intended to be used primarily for county cost-share grants to landowners for nutrient management planning and manure management grants.

14. For 2007, DATCP allocated a total of \$13 million for land and water conservation through the soil and water resource management program, including \$9.3 million GPR and SEG for staffing support, \$3.2 million in bonding that was used to provide grants to landowners for the installation of nonpoint source water pollution abatement practices, and \$0.5 million SEG for nutrient management grants to landowners. Although GPR and SEG may be used for staffing or landowner grants, DATCP chose to allocate all of this funding, except for \$520,000 SEG specifically provided for nutrient management grants in the 2005-07 budget, to staffing grants. For 2007, staffing grants were the greater of: (a) \$85,000; or (b) the amount of funding awarded to the county for DNR priority watershed staffing in 2001, less any amount allocated in 2001 for a priority watershed that has subsequently closed. As a result, under the bill, DATCP would be provided total SWRM program funding of at least \$18.3 million (\$9.3 million GPR and SEG for staffing, \$3.5 million in bonding, and \$5.5 million SEG for nutrient and manure management) in 2007-08 and \$20.3 million (\$9.3 million GPR and SEG for staffing, \$3.5 million in bonding, and \$7.5 million for nutrient and manure management) in 2008-09 to provide grants to counties to fund land and water conservation staff and activities under the bill.

15. As mentioned above, under current law DATCP is provided \$520,000 SEG annually

primarily to provide to grants for nutrient management plan implementation. However, these funds may also be used for cost-share grants for other "soft practices" (non-bondable) that will reduce nutrient runoff. In 2007, DATCP awarded these funds to: (1) areas that have experienced manure runoff incidents; or (2) sensitive areas that will benefit from preventative practices. This funding is ongoing under the bill, meaning DATCP would have available approximately \$5.5 million in 2007-08 and \$7.5 million in 2008-09 for nutrient and manure management.

16. DATCP officials indicate the Department would plan on awarding the additional \$5 million in 2007-08 through the existing annual soil and water resource management (SWRM) program grants. However, unlike 2007 where grants were limited to areas that had experienced manure runoff incidents or were sensitive areas, 2008 grants would be made generally available, with the goal of also protecting areas of the state that have not had pronounced nutrient management problems.

17. Beginning in 2008-09, DATCP officials indicate they anticipate allocating approximately \$5.6 million of the new funding annually for nutrient management grants. These grants would be available for developing nutrient management plans and implementing nutrient management practices. For example, nutrient management grants can be used to fund the management of the application of manure, legumes and commercial fertilizers, including the rate, method and timing of the application to minimize the amount of nutrients entering surface or ground waters. Based on DATCP's flat nutrient management planning cost-share rate of \$7 per acre per year (for four years), and taking into account funds for all four years are provided up front to the farmer, DATCP officials estimate they will make nutrient management planning grants for about 200,000 acres per year. DATCP officials indicate an additional \$180,000 could be used to provide 900 farmers with \$200 stipends for training costs so they can develop their own nutrient management plans.

18. DATCP officials indicate they hope to use remaining funding of approximately \$1.2 million for nutrient management program delivery purposes beginning in 2008-09. While Department officials have targeted 2008-09 to begin using funding for these purposes, they also state there could be some use of funds for these purposes in 2007-08. DATCP officials indicate such expenses could include: (a) nutrient management training workshops for farmers, industry and conservation staff; (b) on-farm demonstration of nutrient management practices; (c) support of University staff to aid farmers with nutrient management planning and implementation; (d) development and support of the soil nutrient application program (a free electronic program designed for the preparation of nutrient management plans in accordance with state nutrient management standards); (e) nutrient management specific research; and (f) maintenance of manure analysis standards. DATCP officials argue this funding would aid the Department in its efforts to disseminate information, fund research, and train and educate stakeholders. The Department argues that this allocation could be necessary in order to provide additional support to the University of Wisconsin, county land and conservation departments, and others in assisting farmers with the development and implementation of nutrient management plans. However, DATCP officials stress they are still consulting with the University, counties, and environmental and farm groups in order to best determine how this funding would be allocated. Further, Department officials have

expressed some uncertainty as to whether using funds for these purposes is intended under the bill. As a result, the Committee could clarify that DATCP may expend up to 15% of funding provided for nutrient management for delivery systems purposes annually (Alternative B1). Conversely, the Committee could clarify that funding provided for nutrient management be used only for grants to landowners to implement nutrient management, manure management and other nonpoint source water pollution abatement practices (Alternative B2).

19. Administrative rule ATCP 50 currently requires farmers near outstanding and exceptional resource waters, and all farmers by 2008, to implement a nutrient management plan in order to meet DNR runoff pollution performance standards. ATCP 50 specifies that the plan is to apply to all fields to which the farmer mechanically applies nutrients. The plan would address controlling the amount, source, form, location and timing of plan nutrient applications. Under the rule, landowners may receive cost-share grants to reimburse costs related to soil and plant nutrient testing, nutrient analysis of manure and other organic waste, and development and revision of a nutrient management plan, provided the landowner agrees to maintain the nutrient management practices. However, the statutes specify that an existing agricultural facility or practice may not be required to comply with performance standards, prohibitions, conservation practices or technical standards unless cost sharing is available. As a result, unless an offer of cost-share funding is provided, most farmers are not required to develop and implement a nutrient management plan.

20. Under current law, for farms in existence before October, 1997, the state may not require the implementation of most nonpoint source water pollution abatement best management practices unless a cost-share of 70% of the total project cost, or 90% in the case of economic hardship, is available. For some practices, such as nutrient management, DATCP provides a flat rate of \$7 per acre per year, for four years (but paid in a lump sum). However, these cost-share rates fail to take into account that certain cropland practices generally generate economic benefits to the farmer. For example, pesticide and nutrient management, residue management, contour farming and strip cropping all generally increase long-term crop production and/or reduce inputs (such as machinery, pesticide and fertilizer costs), but these benefits are not considered when implementation costs are calculated. Prior to the current rules, these practices were generally reimbursed at 50% of the cost to implement (for three years). Further, some have argued that due to the relatively low costs of implementation and the benefits to landowners, these practices should be implemented without the requirement of any state cost-share funding. As a result, the Committee could consider reducing the required state cost-share rate for nutrient management to \$5 per acre per year, for three years (Alternative B3). Further, due to the economic benefits resulting from the implementation of nutrient management plans and practices, the Committee could consider eliminating the requirement that the state provide an offer of cost-share funding to agricultural cropland producers and facilities existing by 1997 in order to require them to develop and implement nutrient management plans (Alternative B4).

21. The Wisconsin Constitution generally restricts the issuance of public debt to long-term capital projects. As a result, bond revenues generally may not be used to pay for staff or cropping practices, such as nutrient management and conservation tillage, known as "soft practices." Rather, it is used for water pollution abatement or conservation practices, such as diversions

(structures installed to divert water from areas where it is in excess to sites where it can be used or transported safely), riparian buffers (an area in which vegetation is enhanced or established to reduce or eliminate the movement of sediment, nutrients and other nonpoint source pollutants to an adjacent surface water resource), and filter strips (an area of herbaceous vegetation that separates an environmentally sensitive area from cropland, grazing land or disturbed land). Bond revenues are also available for traditional building projects such as manure storage facilities, concrete barnyards and roofed feedlots. The state tries to use federal Clean Water Act, Section 319 funds (which are not restricted in the type of practices they may fund) to install "soft practices" when possible. However, this funding is provided by the U.S. Environmental Protection Agency and is associated with Great Lakes basin projects and selected cost-share and local staffing grants, and may only be used in certain areas throughout the state.

22. State officials cite instances of well contamination and fish kills that occur because of manure spills, or manure runoff events that result from winter spreading of manure, and argue that many of these events could be prevented with the implementation of nutrient and manure management best management practices. Due to the state's inability to use bonding revenue to implement nutrient and manure management practices, these state officials argue the nonpoint account SEG funds provided under the bill are essential to ensure there is sufficient funding to implement these practices and prevent future manure spill and runoff events.

23. Due to the projected July 1, 2009, deficit of approximately \$6.4 million in the nonpoint account shown in Table 2, the Committee could consider approving the 75¢ tipping fee increase effective October 1, 2007, and the \$2 vehicle title fee increase effective October 1, 2007, but instead provide \$5 million in additional expenditure authority for nutrient management in 2008-09 (Alternative A2). Under this scenario, the nonpoint account would be expected to have a July 1, 2009, available balance of approximately \$575,000. Further, with the full effects of the tipping fee realized in 2008-09 and the supplemental motor vehicle title fee increase realized in 2009-10, DATCP could request additional nutrient management expenditure authority as a part of its 2009-11 biennial budget based on the actual revenues received from these fee increases.

24. On the other hand, if the Committee were to adopt the administration's revised recommendation to adopt the vehicle title transfer fee increase and the quarterly transfer to the nonpoint account, in addition to the increase in the tipping fee in the bill, the Committee could instead provide \$1 million nonpoint account SEG in 2007-08 and \$7 million nonpoint account SEG in 2008-09 for nutrient management (Alternative A3).

25. The Committee could also consider approving just one of the fee increases in the bill. If the Committee only approved the tipping fee increase of 75¢ per ton, beginning with waste disposed of on October 1, 2007, \$3 million nonpoint account SEG could be provided in 2008-09 for nutrient management (Alternative A4). If the Committee only approved the \$2 increase of the motor vehicle title transfer fee, but specified a quarterly transfer to the nonpoint account based on revenues generated in the previous quarter, \$1 million nonpoint account SEG could be provided in 2008-09 for nutrient management (Alternative A5).

No Fee Increase

26. As shown in Table 1, should the Committee desire to maintain current law with regard to funding the nonpoint account (no tipping fee or vehicle fee increase), nonpoint account base level expenditures would have to be reduced by approximately \$3.7 million over the biennium in order to ensure a positive balance in the account on July 1, 2009. In order to accomplish this, the Committee could consider eliminating a number of expenditures that were added to the nonpoint account in the 2005-07 biennial budget (2005 Act 25).

27. 2005 Act 25 provided additional expenditure authority of \$2,753,600 SEG annually to the nonpoint account. Increased expenditures included: (a) providing \$500,000 annually to provide grants to counties to fund land and water conservation staff and related supplies; (b) providing \$520,000 annually for nutrient management planning and cost-share grants to landowners; (c) converting \$885,900 annually and 10.0 positions from GPR to nonpoint account SEG; and (d) converting \$847,700 annually from GPR to nonpoint account SEG for the payment of principal and interest costs incurred in providing bonding revenue for soil and water resource management projects DATCP makes as part of its annual grant allocation to counties.

28. The Committee could consider one of the following two options in order to reduce nonpoint account expenditures over the 2007-09 biennium such that the account maintain a positive July 1, 2009, balance: (1) delete \$500,000 SEG annually for staffing grants, delete \$520,000 SEG annually for nutrient management grants, and convert \$885,900 SEG annually and 10.0 SEG positions back to GPR (Alternative A6a); or (2) delete \$500,000 SEG annually for staffing grants, delete \$520,000 SEG annually for nutrient management grants, and convert \$847,700 SEG annually back to GPR for the payment of principal and interest costs incurred in providing bonding revenue for soil and water resource management projects (Alternative A6b).

ALTERNATIVES TO BILL

A. Nonpoint Fees and Expenditures

1. Approve the Governor's recommendations to increase the tipping fee by 75¢ per ton, with waste disposed of beginning on July 1, 2007, and deposit revenue associated with this fee increase to the nonpoint account. In addition, increase the supplemental motor vehicle title fee by \$2 effective October 1, 2007. Further, provide DATCP with \$5 million in 2007-08 and \$7 million in 2008-09 for county cost-share grants to landowners for nutrient management planning and manure management grants. [The source of funding for the nonpoint account will be addressed in a separate budget paper under the Department of Transportation.]

ALT A1	Change to Bill		Change to Base	
	Revenue	Funding	Revenue	Funding
GPR	\$0	\$0	\$0	\$12,000,000
SEG	<u>-2,890,000</u>	<u>0</u>	<u>10,760,000</u>	<u>0</u>
Total	-\$2,890,000	\$0	\$10,760,000	\$12,000,000

2. Modify the Governor's recommendation to increase the tipping fee by 75¢ per ton, with waste disposed of beginning on October 1, 2007, or three months after the effective date of the bill, whichever is later, and deposit revenue associated with this fee increase to the nonpoint account of the environmental fund. In addition, increase the vehicle title transfer fee by \$2 effective October 1, 2007. Further, provide an additional \$5 million nonpoint account SEG in 2008-09 for nutrient management planning and manure management grants (as opposed to \$5 million in 2007-08 and \$7 million in 2008-09 under the bill).

ALT A2	Change to Bill		Change to Base	
	Revenue	Funding	Revenue	Funding
SEG	-\$4,350,000	-\$7,000,000	\$9,300,000	\$5,000,000

3. Modify the Governor's recommendation to increase the tipping fee by 75¢ per ton, with waste disposed of beginning on October 1, 2007, or three months after the effective date of the bill, whichever is later, and deposit revenue associated with this fee increase to the nonpoint account of the environmental fund. In addition, increase the vehicle title transfer fee by \$2 effective October 1, 2007. Further, modify current law to make a quarterly transfer to the nonpoint account, within 14 days following the end of each quarter, based on revenues generated in the previous quarter (for revenue from the final quarter of each fiscal year, the transfer would be made after the conclusion of the fiscal year, but would be applied to the fiscal year in which the revenues were collected). In addition, provide an additional \$1 million nonpoint account SEG for nutrient management in 2007-08 and an additional \$7 million nonpoint account SEG in 2008-09 for nutrient management planning and manure management grants (as opposed to \$5 million in 2007-08 and \$7 million in 2008-09 under the bill).

ALT A3	Change to Bill		Change to Base	
	Revenue	Funding	Revenue	Funding
SEG	-\$1,010,000	-\$4,000,000	\$12,640,000	\$8,000,000

4. Increase the tipping fee by 75¢ per ton, with waste disposed of beginning on October 1, 2007, or three months after the effective date of the bill, whichever is later, and deposit revenue associated with this fee increase to the nonpoint account of the environmental fund. In addition, provide \$3 million nonpoint account SEG in 2008-09 for nutrient management. Revenues would be \$1.45 million in 2007-08 and \$5.84 million in 2008-09. (The vehicle title transfer fee would remain at \$7.50.)

ALT A4	Change to Bill		Change to Base	
	Revenue	Funding	Revenue	Funding
SEG	-\$6,360,000	-\$9,000,000	\$7,290,000	\$3,000,000

5. Modify the Governor's recommendation to increase the vehicle title transfer fee by \$2 effective October 1, 2007. Further, modify current law to make a quarterly transfer from the transportation fund to the nonpoint account, within 14 days following the end of each quarter, based on revenues generated in the previous quarter (for revenue from the final quarter of each fiscal year, the transfer would be made after the conclusion of the fiscal year, but would be applied to the fiscal year in which the revenues were collected). In addition, provide \$1 million nonpoint account SEG in 2008-09 for nutrient management. Revenues would be estimated at \$2.47 million in 2007-08 and \$2.87 million in 2008-09. (No nonpoint account tipping fee would be created.)

ALT A5	Change to Bill		Change to Base	
	Revenue	Funding	Revenue	Funding
SEG	-\$8,310,000	-\$11,000,000	\$5,340,000	\$1,000,000

6. Delete the Governor's recommendations to increase the tipping fee by 75¢ and increase the vehicle title transfer fee by \$2. Instead, do one of the following:

a. delete \$500,000 SEG annually for staffing grants, delete \$520,000 SEG annually for nutrient management grants, and convert \$885,900 SEG annually and 10.0 SEG positions back to GPR; or

ALT A6a	Change to Bill			Change to Base		
	Revenue	Funding	Positions	Revenue	Funding	Positions
GPR	\$0	\$1,771,800	10.0	\$0	\$1,771,800	10.0
SEG	<u>-13,650,000</u>	<u>-15,811,800</u>	<u>-10.0</u>	<u>0</u>	<u>-3,811,800</u>	<u>-10.0</u>
Total	-\$13,650,000	-\$14,040,000	0.0	\$0	-\$2,040,000	0.0

b. delete \$500,000 SEG annually for staffing grants, delete \$520,000 SEG annually for nutrient management grants, and convert \$847,700 SEG annually to GPR for the payment of principal and interest costs incurred in providing bonding revenue for soil and water resource management projects.

ALT A6b	Change to Bill		Change to Base	
	Revenue	Funding	Revenue	Funding
GPR	\$0	\$1,695,400	\$0	\$1,695,400
SEG	<u>-13,650,000</u>	<u>-15,735,400</u>	<u>0</u>	<u>-3,735,400</u>
Total	-\$13,650,000	-\$14,040,000	\$0	-\$2,040,000

B. Nutrient Management Expenditure Specifications

1. Specify that DATCP may annually expend up to 15% of funding provided under the bill for nutrient management purposes for education, training and research related to nutrient and

manure management.

2. Specify that the nutrient management funding may only be used to provide cost-share grants to landowners to implement nutrient management, manure management and other nonpoint source water pollution abatement best management practices.

3. Specify that effective January 1, 2008, a cost-share rate of \$5 per acre per year, for three years, in order to require an existing farmer or agricultural producer to implement a nutrient management plan.

4. Specify that effective January 1, 2008, the requirement that a state cost-share grant must be available in order to require compliance with nonpoint pollution abatement practices, not apply to any requirement that the landowner have, or implement, an appropriate nutrient management plan.

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