



Legislative Fiscal Bureau

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

May 10, 2007

Joint Committee on Finance

Paper #601

Recycling Tipping Fee Increase and Transfer from the Recycling Fund to the General Fund (DNR – Air, Waste, and Contaminated Land)

Bill Agency

[LFB 2007-09 Budget Summary: Page 428, #1 and #2]

CURRENT LAW

The Legislature enacted 1989 Act 335 as a statewide regulatory and financial assistance program aimed at encouraging, and in some instances requiring, solid waste recycling and reduction. Most of the state's solid waste management, recycling regulation, financial assistance and technical assistance programs are administered by the Department of Natural Resources (DNR).

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. The recycling surcharge is 3% of gross tax liability for corporations (including insurance companies and limited liability companies taxed as corporations) or 0.2% of net business income for sole proprietorships, partnerships, limited liability companies taxable as partnerships, and S corporations. There is a minimum payment of \$25 and a maximum payment of \$9,800. Farms and other businesses with less than \$4 million in gross receipts are excluded from paying the recycling surcharge. Noncorporate farms (sole proprietorships, partnerships, LLCs taxable as partnerships) that are subject to the recycling surcharge pay the \$25 minimum amount. Farms organized as regular C corporations and S corporations that are subject to the surcharge, determine surcharge payments the same as other C and S corporations. The Department of Revenue administers and collects the recycling surcharge.

A recycling tipping fee of \$3 per ton of solid waste is assessed on waste disposed of in Wisconsin landfills (excluding high-volume industrial waste, and certain PCB contaminated or

paper mill wastes). Between January 1, 2000, and December 31, 2001, the recycling tipping fee was \$0.30 per ton. DNR collects the tipping fee on a quarterly basis.

Appropriations from the recycling fund were \$30.7 million each year of the 2005-07 biennium. Over 85% of appropriated amounts are for two recycling grant programs for local governments that are administered by DNR for a total of \$26.4 million annually. The municipal and county recycling grant program provides financial assistance to 1,013 responsible units of local government for eligible recycling expenses, and provided \$24.5 million to responsible units in each of 1999-00 through 2006-07. DNR also administers the recycling efficiency incentive grant program that provides financial assistance to responsible units of local government that apply and claim recycling efficiencies such as consolidation of two or more responsible units, or cooperative agreements for direct recycling services or shared private vendor services. The grant program provided \$1.9 million to responsible units in each of 2002-03 through 2006-07.

From fiscal year 1991-92 through 2006-07, a cumulative total of \$110,891,100 has been transferred from the recycling fund, including \$106,636,000 to the general fund and \$4,255,100 to the conservation fund. In addition, \$29,700,000 was transferred from the general fund to the recycling fund in 1990-91 to provide funds for municipal and county recycling grants before recycling surcharge revenue was received. The net transfer from the recycling fund is \$81.2 million through 2006-07. In the 2005-07 biennium, \$34.9 million was transferred from the recycling fund to the general fund or conservation fund.

GOVERNOR

Double the recycling tipping fee for waste disposed of in Wisconsin landfills on or after July 1, 2007, from \$3 to \$6 per ton. The fee is assessed on waste other than high-volume industrial waste, with a few exceptions. The administration estimates the recycling tipping fee increase would generate \$18,000,000 in 2007-08 and \$24,000,000 in 2008-09.

Transfer \$13,000,000 in 2007-08 and \$20,000,000 in 2008-09 from the recycling fund to the general fund.

DISCUSSION POINTS

1. Table 1 shows the estimated balance of the recycling fund under current law. It is anticipated that, under current law, the recycling fund would have a June 30, 2009, balance of \$31.5 million. Revenues would total approximately \$45 million annually and expenditures would total approximately \$31 million annually.

TABLE 1

**Recycling Fund Condition – Current Law
(\$ Millions)**

	2005-06 <u>Actual</u>	2006-07 <u>Estimated</u>	2007-08 <u>Estimated</u>	2008-09 <u>Estimated</u>
Opening Balance -- July 1	\$12.5	\$3.0	\$3.8	\$17.7
Recycling Surcharge	19.5	20.6	20.6	20.6
Recycling Tipping Fee	23.2	22.7	23.8	24.1
Interest Income and Other	<u>0.7</u>	<u>0.8</u>	<u>0.5</u>	<u>0.5</u>
Total Revenue	43.4	44.1	44.9	45.2
Total Revenue Available	\$55.9	\$47.1	\$48.7	\$62.9
Expenditures				
Local Recycling Grants	\$26.4	\$26.4	\$26.4	\$26.4
Administration, Other Programs	4.1	4.3	4.5	4.5
Reserves and Lapses	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>
Total Expenditures	30.5	30.8	31.0	31.0
Transfer to General Fund	19.1	12.5	0.0	0.0
Transfer to Conservation Fund	3.3	0.0	0.0	0.0
Ending Cash Balance	3.0	3.8	17.7	31.9
Encumbrances and Continuing Balances	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
Closing Available Balance -- June 30	\$2.6	\$3.4	\$17.3	\$31.5

2. Under the bill, recycling fund SEG would be used for new or expanded programs as shown in Table 2. The proposed expenditures are described in separate budget papers.

TABLE 2

SB 40 New or Expanded Recycling Fund Expenditures - Change to Base

	<u>2007-08</u>	<u>2008-09</u>
Transfer to General Fund	\$13,000,000	\$20,000,000
Commerce Renewable Energy Grants, Loans, and Administration	15,050,900	15,057,800
DNR Waste Reduction and Recycling Demonstration Grants Increase	1,000,000	1,000,000
DATCP Clean Sweep Grants Increase	289,600	289,600
DATCP Anaerobic Digester Research and Development	<u>250,000</u>	<u>0</u>
Total	\$29,590,500	\$36,347,400

3. Under the bill, appropriations from the recycling fund would total \$47,582,900 in 2007-08 (\$3,432,900 for administration and \$44,150,000 for financial assistance) and \$47,350,200 in 2008-09 (\$3,450,200 for administration and \$43,900,000 for financial assistance) with 28.4 positions. In addition, transfers from the recycling fund to the general fund would include \$13,000,000 in 2007-08 and \$20,000,000 in 2008-09. Recycling fund appropriations and transfers under SB 40 are shown in the attachment.

4. Table 3 shows the estimated \$3.7 million balance of the recycling fund on June 30, 2009, under the bill. Revenues from the recycling surcharge, recycling tipping fee and interest income would provide revenues of approximately \$61.1 million in 2007-08 and \$67.4 million in 2008-09. Expenditures would total approximately \$47.7 million in 2007-08 and \$47.5 million in 2008-09.

TABLE 3
Recycling Fund Condition -- SB 40
(\$ Millions)

	2005-06 <u>Actual</u>	2006-07 <u>Estimated</u>	2007-08 <u>Estimated</u>	2008-09 <u>Estimated</u>
Opening Balance -- July 1	\$12.5	\$3.0	\$3.8	\$4.2
Recycling Surcharge	19.5	20.6	20.6	20.6
Recycling Tipping Fee	23.2	22.7	40.0	46.3
Interest Income and Other	<u>0.7</u>	<u>0.8</u>	<u>0.5</u>	<u>0.5</u>
Total Revenue	43.4	44.1	61.1	67.4
Total Revenue Available	\$55.9	\$47.1	\$64.9	\$71.6
Expenditures				
Local Recycling Grants	\$26.4	\$26.4	\$26.4	\$26.4
Administration, Other Programs	4.1	4.3	21.2	21.0
Reserves and Lapses	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total Expenditures	30.5	30.8	47.7	47.5
Transfer to General Fund	19.1	12.5	13.0	20.0
Transfer to Conservation Fund	3.3	0.0	0.0	0.0
Ending Cash Balance	3.0	3.8	4.2	4.1
Encumbrances and Continuing Balances	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
Closing Available Balance -- June 30	\$2.6	\$3.4	\$3.8	\$3.7

5. The amount of revenue that would be generated from the \$3 recycling tipping fee increase can be reestimated as \$38,375,000 to the recycling fund in the 2007-09 biennium (\$16,195,000 in 2007-08 for three quarterly payments and \$22,180,000 in 2008-09 for four

quarterly payments) instead of the \$42 million estimated by the administration. It is estimated that, under current law, in 2007-08, approximately 7.92 million tons would be subject to the current recycling tipping fee, and in 2008-09, approximately 8.04 million tons would be subject to the current fee. (The administration estimated 8.0 million tons in each year.) Further, under the bill, it is expected that the total number of tons of solid waste disposed of in the state would decrease somewhat as tipping fees increase.

6. While it is difficult to determine the actual change in the number of tons that would be subject to the tipping fee, it is anticipated that the total amount of assessed wastes may decrease by approximately 1% for each \$1 increase in tipping fees. Thus, the number of tons assessed the fee are anticipated to decrease approximately 4% under the bill. This would include a 1% reduction in tons for the \$1.10 tipping fee increase deposited in the environmental fund and 3% for the tipping fee increase deposited in the recycling fund. Under the bill, in 2007-08, it is anticipated that approximately 7.74 million tons would be assessed the recycling tipping fee, and in 2008-09, approximately 7.79 million tons would be assessed the recycling tipping fee. The estimated decrease in tons has been included in the estimated tipping fee revenue (\$38.4 million increase) described above. If the recycling tipping fee increase is approved and if the environmental repair tipping fee increase is not approved, it is anticipated that the number of tons would reflect a somewhat smaller decrease, and revenues to the recycling fund would be somewhat higher than estimated above. Further, it could be expected that substantially larger tipping fee increases may have the effect of greater reductions in disposal of waste subject to the fee (beyond the 1% per dollar used here).

7. The tipping fees are 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.

8. Recycling fund revenues have exceeded earlier projections for both the surcharge and the tipping fee. This has resulted in a growing recycling fund balance and annualized revenues that exceed authorized expenditures by approximately \$13.3 million in 2006-07. Excess revenues have been transferred from the recycling fund to the general fund in each of the last several biennia.

9. A cumulative total of \$81.2 million will be transferred from the recycling fund to the general fund or conservation fund through the end of 2006-07. Recently, this has included \$22 million in 1999-01 biennium, \$10.1 million in the 2001-03 biennium, \$14.2 million in the 2003-05 biennium, and \$34.9 million in the 2005-07 biennium. These transfers are shown in Table 4.

TABLE 4

Transfers To and From the Recycling Fund

<u>Fiscal Year</u>	<u>From Recycling Fund to General Fund</u>	<u>From Recycling Fund to Conservation Fund</u>	<u>Total Transfer From Recycling Fund</u>
1991-92	\$4,750,000	\$0	\$4,750,000
1992-93	0	0	0
1993-94	0	0	0
1994-95	0	0	0
1995-96	21,100,000	0	21,100,000
1996-97	0	0	0
1997-98	3,850,000	0	3,850,000
1998-99	0	0	0
1999-00	15,000,000	0	15,000,000
2000-01	7,000,000	0	7,000,000
2001-02	7,100	0	7,100
2002-03	9,119,900	1,000,000	10,119,900
2003-04	7,273,900	0	7,273,900
2004-05	6,893,000	0	6,893,000
2005-06	19,142,100	3,255,100	22,397,200
2006-07	<u>12,500,000</u>	<u>0</u>	<u>12,500,000</u>
Total	\$106,636,000	\$4,255,100	\$110,891,100
General Fund Transfer to Recycling Fund (1990-91)			<u>- \$29,700,000</u>
Net Transfer from Recycling Fund			\$81,191,100

10. Some would argue that it is appropriate to transfer the \$33,000,000 to the general fund under the bill. Transfer of the monies to the general fund would be consistent with past budgetary actions to transfer available balances from certain segregated funds to the general fund.

11. Others, such as recycling advocates and local governments, have recommended that the recycling fund should only be used for purposes related to recycling. For example, the Governor's Task Force on Waste Materials Recovery and Disposal was created by the Governor's Executive Order in June, 2005, and met between August, 2005, and December, 2006, to study and make recommendations regarding the economics of landfilling and recycling solid wastes, how to maximize the productive use of waste materials, how to minimize the generation of waste materials, ways to ensure proper management of solid and hazardous waste, and the role of municipalities, businesses, and residents in the use, management, and disposal of waste materials. The Task Force

submitted a final report to the Governor on December 28, 2006. The Task Force report included several recommendations related to recycling, which included that the existing revenues of the recycling fund be used only for recycling, beneficial reuse, and waste reduction programs, and for implementing the recycling recommendations of the report. The Task Force report recommended banning diversions of funds from the recycling fund for non-recycling purposes. The report did not recommend any increases in the recycling tipping fee, but recommended that any fund balances be appropriated to provide additional funding to local governments that operate effective recycling programs and other waste reduction and beneficial reuse programs. While the Task Force did not recommend specific increases for state recycling grants or other recycling programs, the report stated that the recommendations in the report may require roughly \$5 million to \$10 million annually. Administration officials indicate that the Task Force's report was received too late for any of the recommendations to be included in the Governor's 2007-09 biennial budget.

12. DNR estimates that, of the 7.93 million tons assessed the tipping fee for non high-volume industrial waste in calendar year 2005, 1.99 million tons was from residential sources, 2.65 million tons was from industrial, commercial or institutional sources, 1.38 million tons was construction and demolition waste, and 1.91 million tons was from out-of-state sources. DNR estimates that the average Wisconsin household generates approximately one ton of waste per year (2 million tons of Wisconsin residential waste and over 2 million households in Wisconsin). Based on this estimate, the \$3 per ton fee increase would be expected to cost each household, on average, approximately \$3 per year for waste generated by the household.

13. The recycling tipping fee increase would apply equally to all waste disposed of in Wisconsin (except for high-volume industrial waste and certain other exempt waste), whether it originates in Wisconsin or other states. Proponents of increased tipping fees point out that a portion of the fee would be paid by waste generators in other states. Out-of-state waste has generally comprised between about one-fifth to one-quarter of waste subject to the recycling tipping fee.

14. Advocates of a recycling tipping fee increase also believe it could potentially decrease the amount of out-of-state waste disposed of in Wisconsin if the fee is increased enough for it to make more economic sense to dispose of waste in other states. In 2006, approximately two-thirds of the 1.8 million tons of out-of-state waste disposed of in Wisconsin came from Illinois to three landfills in Kenosha, Racine, and Walworth Counties, and the other one-third came from Minnesota to two landfills in Washburn and Eau Claire Counties. Smaller amounts of out-of-state waste were disposed of in other landfills in Wisconsin, including small amounts from Michigan and Iowa.

15. There are many factors other than the state tipping fee that would affect the amount of waste brought from out-of-state for disposal in Wisconsin, such as transportation costs, the provisions of contracts between waste haulers and municipalities, the provisions of contracts between waste haulers and landfill operators, the landfill tipping fee charged by the landfill operator as its cost and profit related to operating the landfill, and landfill and government tipping fees in adjacent states. Table 5 shows the landfill tipping fees in Wisconsin and adjacent states, and was compiled by the DNR in 2004 and 2006. The fees include the landfill disposal tipping fees charged

by landfill operators to customers, fees paid by landfill operators to local governments, and state-assessed tipping fees. It is uncertain whether the \$3 tipping fee increase in the bill would be sufficient to substantially reduce the amount of waste coming from Illinois to southeastern Wisconsin. In addition, it appears that a \$3 tipping fee increase may not be sufficient, in itself, to significantly reduce the amount of Minnesota waste coming to northwest Wisconsin.

TABLE 5
2006 Landfill Tipping Fee Per Ton in Wisconsin and Adjacent States

<u>State</u>	<u>Statewide Average Tipping Fee*</u>	<u>Average Tipping Fee at Landfills Near the Wisconsin Border</u>
Illinois	\$36 **	\$42
Iowa	32 **	37
Michigan	60	60
Minnesota	50	50
Wisconsin	37	40

* Fee amount is the average posted gate fee charged by the landfill operator, and includes any state fee.

** 2004 Data is included because 2006 data was not available.

Source: Wisconsin Department of Natural Resources, Waste and Materials Management Program, January, 2007

16. Some would argue that the recycling tipping fee should be increased in order to provide additional state funds for local recycling program costs to increase the portion of local recycling program costs paid for by state grants from the current average of 27%. Under this argument, the recycling fund should be used for recycling and not for such uses as transfers to the general fund or the Commerce renewable energy grant program.

17. Others could argue that fees should not be increased, because the fees would increase costs for businesses, particularly those that generate large quantities of waste, and residents, without providing direct benefits to them.

18. 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.

19. If the Committee chooses to approve the \$3 recycling tipping fee, and changes the effective date to waste disposed of on October 1, 2007, revenue from the fee increase would be for approximately two quarters in 2007-08 instead of three, (the quarterly payment dates of February 1,

2008, and May 1, 2008). With the change in effective date, revenue in 2007-08 would be approximately \$10,530,000 instead of the \$16,195,000 estimated with a July 1, 2007, effective date (a decrease of \$5,665,000). (Alternative A2.) If no other changes would be made in revenues or expenditures under the bill, recycling fund expenditures would exceed revenues by approximately \$2.0 million during the biennium. The Committee could choose to reduce the transfer from the recycling fund to the general fund by \$2.0 million (Alternative B2), or could make other expenditure reductions.

20. It could be argued that the tipping fee is being increased primarily to generate sufficient revenues to both make the transfers to the general fund and create the renewable energy grant program in Commerce under the bill. The tipping fee increase is not needed to fund only the transfers to the general fund, or only the Commerce program, but it is needed to accomplish both of them.

21. If the Committee approves the Governor's recommendation to transfer \$33 million from the recycling fund to the general fund, it would mean that actions of the Governor and Legislature would have transferred a cumulative total of 29.6% of recycling fund revenues (\$74.8 million of \$253.0 million in revenues) in 2004-05 through 2008-09 either to the general fund or to purposes that were otherwise paid for by the conservation fund. It could be argued that under this large a percentage of transfer of funds from the recycling fund, the original purpose of the recycling fund as a separate segregated fund for recycling is no longer being met. In addition, the recycling surcharge is, essentially, an income tax and it is directly linked to the state individual and corporate income and franchise taxes that are deposited in the general fund.

22. If the Committee chooses to increase the recycling tipping fee, it could increase the fee by an amount less than the recommended \$3. For example, if the recycling tipping fee would be increased by \$2 per ton instead of \$3 (Alternative A3), this would provide approximately \$21,925,000 in revenue during the biennium (approximately \$7,060,000 in 2007-08 and \$14,865,000 in 2008-09) rather than the \$32,710,000 that would be provided with a \$3 tipping fee increase.

23. If the recycling tipping fee would be increased by \$1 per ton instead of \$3, this would provide \$10.9 million in revenue during the biennium (approximately \$3,510,000 in 2007-08 and \$7,390,000 in 2008-09) rather than the \$32,710,000 that would be provided with a \$3 tipping fee increase (Alternative A4).

24. During the last 15 years, the largest recycling program expenditure has been for the DNR municipal and county recycling grant program, which provides financial assistance to responsible units of local governments for a portion of eligible recycling expenses, and for the recycling efficiency incentive grant program. Approximately two-thirds of cumulative recycling fund expenditures have been for the municipal and county recycling grant program that began in 1990-91 and recycling efficiency incentive grant program that began in 2002-03. A responsible unit is the local unit of government responsible for implementing state-mandated recycling programs and can be the town, village, city, county, Indian Tribe or multiple-jurisdiction unit. A recycling

efficiency incentive grant plus a municipal and county recycling grant may not exceed the net eligible recycling costs that the responsible unit incurred two years before the year for which the efficiency incentive grant is made.

25. The bill would continue base funding of \$24.5 million for municipal and county recycling grants and \$1.9 million for recycling efficiency incentive grants, for total state recycling grant funds available to local governments of \$26.4 million annually. Municipal and county recycling grants, in combination with recycling efficiency incentive grants, averaged 29.2% of the actual net eligible recycling costs of 1,010 responsible units of local government in 2005. Net eligible recycling costs include the local government's recycling program costs, net of the sale of recovered materials. Eligible costs include planning, construction, staff costs, equipment, land, costs of collecting recyclables and transporting them to market, public education, and enforcement. State grants comprised 27.4% of the estimated net eligible costs of 1,013 responsible units in 2006, and will average approximately 26.5% of the \$99.2 million in estimated net eligible recycling costs of 1,012 responsible units in 2007. (Responsible units will receive the 2007 grant by June 1, 2007.) Local governments use the grants to implement "effective recycling programs" that include specific components, and to comply with the landfilling and incineration bans that prohibit certain recyclable materials from being landfilled (for example, newspapers, aluminum cans and glass containers). Remaining local recycling program costs are paid by the local government. Local governments indicate that the main local revenue sources for recycling programs are: (a) the state grant program; (b) local property tax revenues; and (c) in some communities, volume-based or other user fees. Local governments also receive revenue from the sale of recyclable materials. The average municipal and county recycling grant, plus recycling efficiency incentive grant, as a percent of net eligible costs has decreased from almost 52% in 1992 to less than 27% in 2007. Table 6 shows the grant as a percent of net eligible costs from 1992 through 2007.

TABLE 6

**Municipal and County Recycling Grants and Recycling Efficiency Incentive Grants:
Eligible Cost, Grant Award and Award as Percent of Costs
(\$ Millions)**

<u>Year</u>	<u>Net Eligible Recycling Costs</u>	<u>Grant Award</u>	<u>Grant Award as Percent of Net Eligible Costs</u>
1992	\$35.6	\$18.5	52.0%
1993	48.5	23.7	48.9
1994	56.5	29.8	52.7
1995	61.0	29.1	47.7
1996	66.3	29.2	44.0
1997	68.8	29.2	42.4
1998	71.4	23.9	33.5
1999	73.3	24.1	32.9
2000	76.6	24.3	31.7
2001	84.1	24.3	28.9
2002	82.6	24.3	29.4
2003	84.4	26.3**	31.2
2004	85.7	26.4**	30.8
2005	90.1	26.3**	29.2
2006*	96.2	26.4**	27.4
2007*	99.2	26.4**	26.6

* Estimate.

** Includes \$1.9 million in recycling efficiency incentive grant funds some responsible unit applicants received.

26. Local governments and recycling advocates argue that any balance in the recycling fund or any tipping fee increase should be used to increase the local recycling grant appropriation, allowing state grants to pay for a larger percentage of local recycling expenditures. They argue that operation of local recycling programs is a partially funded mandate imposed by the state. Under this argument, the state should attempt to increase the percentage of local recycling program expenditures that it pays to a higher percentage than the approximately 27% of the last two years.

27. Recycling fund revenues could be used to increase the DNR municipal and county recycling grant appropriation. For example, the municipal and county recycling grant appropriation could be increased by \$4,000,000 in 2007-08 and \$4,600,000 in 2008-09. This would increase the existing \$26.4 million for recycling grants to provide a total of \$30.4 million in 2007-08 and \$31.0 million in 2008-09 (Alternative C1). This recycling grant amount would average approximately 30% of expected local net eligible recycling costs in each of 2008 and 2009.

28. Alternatively, recycling fund revenues could be used to increase the municipal and county recycling grant appropriation by \$9,000,000 in 2007-08 and \$9,700,000 in 2008-09. This would increase the existing \$26.4 million for recycling grants to provide a total of \$35.4 million in

2007-08 and \$36.1 million in 2008-09 (Alternative C2). This recycling grant amount would average approximately 35% of anticipated local net eligible recycling costs in each of 2008 and 2009.

29. If the Committee deletes the \$3 recycling tipping fee increase and maintains the current \$3 recycling tipping fee in the recycling fund (Alternative A5), appropriations and/or transfers under the bill would have to be reduced by approximately \$35 million.

30. If the recycling tipping fee is increased by an amount less than \$3, decreases in expenditures or transfers would need to be made. For example, if a \$2 tipping fee increase is approved, \$20,200,000 could be transferred to the general fund during the biennium (a decrease of \$12,800,000 from the bill), including \$7,600,000 in 2007-08 (a decrease of \$5,400,000 from the bill) and \$12,600,000 in 2008-09 (a decrease of \$7,400,000 from the bill) (Alternative B3). Alternatively, expenditure reductions of \$12.8 million could be made (or a combination of reduced expenditures and transfers equal to \$12.8 million).

31. If a \$1 tipping fee increase is approved, \$9,200,000 could be transferred to the general fund during the biennium (a decrease of \$23,800,000 from the bill), including \$4,000,000 in 2007-08 (a decrease of \$9,000,000 from the bill) and \$5,200,000 in 2008-09 (a decrease of \$14,800,000 from the bill) (Alternative B4.) Alternatively, expenditure reductions of \$23.8 million could be made (or a combination of reduced expenditures and transfers equal to \$23.8 million).

ALTERNATIVES TO BILL

A. Tipping Fee

1. Approve the Governor’s recommendation to double the recycling tipping fee for waste disposed of in Wisconsin landfills on or after July 1, 2007, from \$3 to \$6 per ton. In addition, reestimate revenue from the tipping fee increase to \$16,195,000 in 2007-08 (from \$18,000,000) and \$22,180,000 in 2008-09 (from \$24,000,000).

ALT A1	Change to Bill Revenue	Change to Base Revenue
SEG	- \$3,625,000	\$38,375,000

2. Approve the Governor's recommendation to increase the recycling tipping fee by \$3 per ton, but make the increase effective for waste disposed of in Wisconsin landfills on or after October 1, 2007, or the effective date of the bill, whichever is later. This would provide revenue of approximately \$10,530,000 in 2007-08 and \$22,180,000 in 2008-09.

ALT A2	Change to Bill Revenue	Change to Base Revenue
SEG	-\$9,290,000	\$32,710,000

3. Approve an increase of \$2 per ton in the recycling tipping fee, effective for waste disposed of in Wisconsin landfills on or after October 1, 2007, or the effective date of the bill, whichever is later. This would provide revenue of approximately \$7,060,000 in 2007-08 and \$14,865,000 in 2008-09.

ALT A3	Change to Bill Revenue	Change to Base Revenue
SEG	-\$20,075,000	\$21,925,000

4. Approve an increase of \$1 per ton in the recycling tipping fee, effective for waste disposed of in Wisconsin landfills on or after October 1, 2007, or the effective date of the bill, whichever is later. This would provide revenue of approximately \$3,510,000 in 2007-08 and \$7,390,000 in 2008-09.

ALT A4	Change to Bill Revenue	Change to Base Revenue
SEG	-\$31,100,000	\$10,900,000

5. Delete the provision increasing the recycling tipping fee.

ALT A5	Change to Bill Revenue	Change to Base Revenue
SEG	-\$42,000,000	\$0

B. Transfer to General Fund

1. Approve the Governor's recommendation to transfer \$13,000,000 in 2007-08 and \$20,000,000 in 2008-09 from the recycling fund to the general fund.

ALT B1	Change to Bill Revenue	Change to Base Revenue
GPR	\$0	\$33,000,000

2. Reduce the transfer by \$2,000,000 in 2007-08 to \$11.0 million. (This would be

expected to balance the recycling fund if Alternative A2 is adopted to include the change in the effective date.)

ALT B2	Change to Bill Revenue	Change to Base Revenue
GPR	- \$2,000,000	\$31,000,000

3. Approve a transfer of \$7,600,000 in 2007-08 (a decrease of \$5,400,000 from the bill) and \$12,600,000 in 2008-09 (a decrease of \$7,400,000 from the bill) from the recycling fund to the general fund. (This would be expected to balance the recycling fund if Alternative A3 is adopted to include a \$2 fee increase instead of a \$3 increase.)

ALT B3	Change to Bill Revenue	Change to Base Revenue
GPR	- \$12,800,000	\$20,200,000

4. Approve a transfer of \$4,000,000 in 2007-08 (a decrease of \$9,000,000 from the bill) and \$5,200,000 in 2008-09 (a decrease of \$14,800,000 from the bill) from the recycling fund to the general fund. (This would be expected to balance the recycling fund if Alternative A4 is adopted to include a \$1 fee increase instead of a \$3 increase.)

ALT B4	Change to Bill Revenue	Change to Base Revenue
GPR	- \$23,800,000	\$9,200,000

5. Delete the transfer from the recycling fund to the general fund.

ALT B5	Change to Bill Revenue	Change to Base Revenue
GPR	- \$33,000,000	\$0

C. Municipal Recycling Grants

1. Increase the DNR municipal and county recycling grant appropriation by \$4,000,000 SEG in 2007-08 (to provide \$30,400,000 for recycling grants) and \$4,600,000 SEG in 2008-09 (to provide \$31,000,000) to increase state recycling grants to an average of approximately 30% of expected net eligible recycling costs.

ALT C1	Change to Bill Funding	Change to Base Funding
SEG	\$8,600,000	\$8,600,000

2. Increase the DNR municipal and county recycling grant appropriation by \$9,000,000 SEG in 2007-08 (to provide \$35,400,000 for recycling grants) and \$9,700,000 SEG in 2008-09 (to provide \$36,100,000) to increase state recycling grants to an average of approximately 35% of anticipated net eligible recycling costs.

ALT C2	Change to Bill Funding	Change to Base Funding
SEG	\$18,700,000	\$18,700,000

3. Maintain current law.

Prepared by: Kendra Bonderud
Attachment

ATTACHMENT

Appropriations Funded From the Segregated Recycling Fund Under SB 40

	<u>2007-08</u>	<u>2008-09</u>	<u>Authorized Positions 2008-09</u>
Administrative Appropriations			
Commerce (143)			
(1)(um) Wisconsin development fund administration	\$50,900	\$57,800	1.0
Corrections (410)			
(1)(qm) Computer recycling	295,800	294,400	2.0
Natural Resources (370)			
(2)(hq) Recycling administration - Air and Waste Division	1,280,300	1,282,600	13.0
(3)(mr) Recycling enforcement and research	289,400	290,700	2.4
(8)(iw) Statewide recycling administration - Customer Assistance and Employee Services	337,000	345,000	0.5
(9)(is) Statewide recycling administration - Customer Assistance and Employee Services	452,200	452,400	4.0
Revenue (566)			
(1)(q) Recycling fees administration	218,600	218,600	1.0
University of Wisconsin System (285)			
(1)(tb) Extension recycling education	352,300	352,300	4.0
(1)(tm) Solid waste research and experiments	<u>156,400</u>	<u>156,400</u>	<u>0.5</u>
Subtotal	\$3,432,900	\$3,450,200	28.4
Financial Assistance Appropriations			
Agriculture, Trade and Consumer Protection (115)			
(7)(va) Clean sweep grants	1,000,000	1,000,000	
(4)(t) Anaerobic Digester Research and Development	250,000	0	
Commerce (143)			
(1)(tm) Renewable Energy Grants and Loans	15,000,000	15,000,000	
Natural Resources (370)			
(6)(br) Waste reduction and recycling demonstration grants	1,500,000	1,500,000	
(6)(bq) Municipal and county recycling grants	24,500,000	24,500,000	
(6)(bv) Recycling efficiency incentive grants	<u>1,900,000</u>	<u>1,900,000</u>	
Subtotal	\$44,150,000	\$43,900,000	
TOTAL RECYCLING FUND APPROPRIATIONS	\$47,582,900	\$47,350,200	
Transfers to the General Fund	13,000,000	20,000,000	
TOTAL APPROPRIATIONS / TRANSFERS	\$60,582,900	\$67,350,200	