



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #484

Tipping Fee Revenue Transfer (DNR – Environmental Quality)

[LFB 2013-15 Budget Summary: Page 351, #12]

CURRENT LAW

Current state solid waste tipping fees total approximately \$13 per ton for most solid waste other than high-volume industrial waste. Of this amount, \$9.64 per ton is deposited in the environmental management account, \$3.20 is deposited in the nonpoint account, and \$0.157 is deposited in two program revenue accounts related to landfill administration and siting.

The segregated environmental fund includes two accounts. The environmental management account primarily supports appropriations related to contaminated land cleanup, groundwater management, recycling, and the University of Wisconsin System Bioenergy Initiative. The nonpoint account primarily supports appropriations related to abatement of runoff from agricultural and urban sources.

GOVERNOR

Change the allocation of the environmental repair solid waste tipping fee to increase the amount deposited in the nonpoint account by 50¢ per ton and decrease the amount deposited in the environmental management account. Maintain the current total fee per ton. The administration estimates \$1.3 million in 2013-14 and \$2.6 million in 2014-15 in tipping fee revenue would shift from the environmental management account to the nonpoint account.

DISCUSSION POINTS

1. The administration indicates the recommended transfer of tipping fee revenues is intended to improve the balance of the nonpoint account, and reduce the need for decreases in appropriations funded from the nonpoint account. A separate budget paper provides an overview of

the environmental fund and provides background about appropriations funded from the two accounts.

2. Under the bill, the environmental management account is expected to maintain a positive June 30, 2015, closing balance. However, authorized expenditures in 2014-15 will exceed estimated revenues by approximately \$4.6 million. Due to a substantial opening balance, revenues would be sufficient to fund appropriations under the bill in 2013-15, although it is anticipated consideration of the 2015-17 biennial budget would need to include review of revenues and expenditures in order to address a significant structural imbalance in the account.

3. Under the bill, the nonpoint account would have a substantial June 30, 2015, closing balance. The nonpoint account would show a more modest structural imbalance, in which authorized expenditures in 2014-15 would exceed estimated revenues by \$0.6 million. Due to a substantial opening balance, revenues would be sufficient to fund nonpoint account appropriations under the bill in 2013-15.

4. The bill would decrease certain expenditures under the DATCP soil and water resource management (SWRM) program, including: (a) reductions of \$1.8 million GPR from base over the biennium for grants to counties for land and water conservation staff; and (b) reductions of \$5.7 million nonpoint SEG from base over the biennium for grants to landowners for nonstructural best management practices such as nutrient management plans. The nonpoint SEG expenditure reductions, combined with the transfer of tipping fees, are intended to preserve a balance in the nonpoint account.

5. It could be argued that the available solid tipping fee increase should be allocated to the nonpoint account during 2013-15 to narrow the structural imbalance in that account and maintain future expenditures for current nonpoint programs. The Committee could choose to approve the Governor's recommended transfer of 50¢ per ton in tipping fees, equaling \$3.9 million over the 2013-15 biennium, from the environmental management account to the nonpoint account (Alternative 1).

6. The Committee could also consider making the transfer on a one-time basis during the 2013-15 biennium to benefit nonpoint account appropriations in the short term (Alternative 2). This could be done by transferring \$1.3 million in 2013-14 and \$2.6 million in 2014-15, on a one-time basis, from the environmental management account to the nonpoint account, rather than permanently changing the allocation of the tipping fee per ton of solid waste. This would allow review of revenues and expenditures in the two accounts during the 2015-17 biennium. This could also limit the future level of the structural imbalance in the environmental management account.

7. Consideration could also be made of making a one-time transfer, of approximately half the amount transferred under the bill. This could be done by transferring \$650,000 in 2013-14, and \$1.3 million in 2014-15, on a one-time basis, from the environmental management account to the nonpoint account (Alternative 3). This would improve the short-term balance of the nonpoint account, but would retain funds in the environmental management account and reduce the structural imbalance in that account. This would result in an environmental management account balance of approximately \$3.25 million on June 30, 2015, and a nonpoint account balance of approximately

\$2.55 million on June 30, 2015.

8. If the Committee believes the current allocation of revenues between the two accounts should be maintained, it could delete the provision (Alternative 4). This would retain \$3.9 million in revenue in the environmental management account. It would result in an estimated environmental management account balance of \$5.2 million on June 30, 2015, and an estimated nonpoint account balance of \$0.6 million. This action would also reduce the environmental management account structural imbalance by approximately \$2.6 million (to \$2 million) and increase the nonpoint account structural imbalance by the same amount (to \$3.2 million).

ALTERNATIVES

1. Approve the Governor's recommendation to increase the amount of solid waste tipping fee revenue deposited in the nonpoint account by 50¢ per ton and to decrease the amount of solid waste tipping fee revenue deposited in the environmental management account by 50¢ per ton.

2. Transfer revenue totaling \$1.3 million in 2013-14 and \$2.6 million in 2014-15, on a one-time basis during the 2013-15 biennium, from the environmental management account to the nonpoint account.

3. Transfer revenue totaling \$650,000 in 2013-14 and \$1.3 million in 2014-15, on a one-time basis during the 2013-15 biennium, from the environmental management account to the nonpoint account.

4. Delete provision. (This would maintain \$3.9 million of tipping fee revenue in the environmental management account instead of transferring it to the nonpoint account.)

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