

Environmental Management Account



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TABLE OF CONTENTS

Introduction.....	1
Solid Waste Tipping Fees	1
Tipping Fee Rates	2
Tons of Solid Waste.....	3
Tipping Fee Collections.....	4
Waste Subject to Reduced Tipping Fees.....	5
Waste Exempt from All State Tipping Fees	6
Other Account Revenues.....	7
Environmental Management Account Condition.....	12
Expenditures	12
DNR Operations.....	12
DNR Cleanup and Recycling Assistance	15
DNR Debt Service	17
Other State Agencies.....	19
Appendix: Environmental Management Account Appropriations 2011-12 Through 2014-15	23

Environmental Management Account

Introduction

The segregated environmental fund consists of two separate accounts: (1) the environmental management account; and (2) the nonpoint account. The two accounts are statutorily designated as one fund but are tracked separately. This paper provides an overview of the revenues deposited in the environmental management account and expenditures made from the account. For more information about selected programs funded from the environmental management account, see the Legislative Fiscal Bureau informational papers entitled, "Contaminated Land Cleanup Programs" and "Recycling Financial Assistance Programs."

The nonpoint account supports programs primarily housed in the Department of Natural Resources (DNR) and the Department of Agriculture, Trade and Consumer Protection (DATCP) related to abatement of runoff from agricultural and urban sources. For information about the nonpoint account, see the Legislative Fiscal Bureau informational paper entitled, "Nonpoint Source Pollution Abatement and Soil Conservation Programs."

The environmental management account receives revenues primarily from several state solid waste tipping fees paid by Wisconsin landfills for each ton of solid waste disposed in the landfill. State tipping fees total \$12.997 per ton, including \$9.64 deposited in the environmental management account, \$3.20 in the nonpoint account, and \$0.157 in other accounts. Several other environmental fees and revenues are also deposited in the environmental management account.

Under 2011 Wisconsin Act 32, revenues and most programs related to recycling were transferred to the environmental management account

from the former recycling fund, which was eliminated.

The environmental management account provides funding for: (a) recycling financial assistance to local governments (funded from the recycling fund prior to 2011-12); (b) DNR administration of contaminated land, brownfields cleanup, and recycling programs, including staff in remediation and redevelopment, solid waste management, air management, groundwater management, and central administrative programs; (c) brownfields grant programs; (d) debt service costs for general obligation bonds issued for state-funded cleanup of contaminated land and sediment; (e) state-funded cleanup of contaminated properties where there is no responsible party able or willing to pay for the cleanup; (f) debt service costs for general obligation bonds issued under the former point source water pollution abatement grant program which ended in 1990; (g) the University of Wisconsin (UW) System Bioenergy Initiative; (h) certain environmental and recycling programs in DATCP, the UW System, and the Departments of Corrections, Health Services, and Military Affairs; and (i) remediation of specific sites using moneys received under court-approved settlement agreements or orders (primarily for Fox River cleanup). The Appendix shows all appropriations from the account.

Solid Waste Tipping Fees

Solid waste is subject to Wisconsin tipping fees for each ton of solid waste disposed of in landfills, except for certain materials used for lining, daily cover, capping or constructing berms, dikes or roads within the facility, or waste subject

to certain other statutory fee exemptions. Landfill operators pay the fees to DNR, and recover the cost of the fees from generators who dispose of waste at the landfill.

In the 2013-15 biennium, 88% of revenue to the environmental management account (excluding certain site-specific revenue) is anticipated to be received from the recycling, environmental repair, groundwater, and well compensation solid waste tipping fees.

Tipping Fee Rates

Table 1 shows the current state tipping fee rates per ton. State tipping fees are assessed totaling \$12.997 per ton for municipal solid waste and non- high-volume industrial waste disposed of in state landfills. Certain wastes are assessed lower

fee rates or are exempt from some or all tipping fees. Four separate state tipping fees are deposited in the environmental management account, and total \$9.64 per ton for most non-high volume industrial waste. Table 1 also shows the three fees, totaling \$3.357 per ton, that are deposited in the nonpoint account and in two program revenue (PR) accounts.

In addition to the fees per ton, 2013 Act 20 directed that a one-time transfer of environmental repair tipping fees be made from the environmental management account to the nonpoint account in the 2013-15 biennium. The transfer included \$650,000 in 2013-14 and \$1,300,000 in 2014-15.

Municipal and non- high-volume industrial waste is generally subject to the full \$12.997 per ton of fees, and includes solid waste generated by

Table 1: State Solid Waste Tipping Fees Per Ton

Fund, Fee	Type	Municipal and Non-High-Volume Industrial Waste	High-Volume Industrial Waste	PCB-Contaminated Sediment
Environmental management account - Recycling (recycling fund prior to 2011-12)	SEG	\$7.000	\$0.000	\$0.000
Environmental management account - environmental repair	SEG	2.500	0.200	0.850
Environmental management account - Groundwater	SEG	0.100	0.100	0.100
Environmental management account - well compensation	SEG	<u>0.040</u>	<u>0.040</u>	<u>0.040</u>
Subtotal Environmental Management		\$9.640	\$0.340	\$0.990
Nonpoint account	SEG	3.200	0.000	3.200
DNR Solid Waste landfill administration	PR	0.150	0.150	0.150
DOA Solid Waste Facility Siting Board	PR	<u>0.007</u>	<u>0.007</u>	<u>0.007</u>
Subtotal Nonpoint/Program Revenue Accounts		\$3.357	\$0.157	\$3.357
Total State Tipping Fee		\$12.997	\$0.497	\$4.347

-High-volume industrial waste includes fly ash, bottom ash, paper mill sludge and foundry process waste.

-Municipal and non- high-volume industrial waste includes solid waste generated by residences, business, commercial, government facilities, construction and demolition, and industrial uses that are not high-volume.

-PCB (polychlorinated biphenyls) contaminated sediments are subject to the rates in the table if they are removed from a navigable water of the state in connection with a phase of a project to remedy contamination of the bed of the navigable water, and the quantity of sediments removed will exceed 200,000 cubic yards. If the PCB sediments do not meet these criteria, they are subject to the fees for non-high-volume industrial waste.

-Waste used as daily cover, lining, capping or constructing berms, dikes or roads in the facility is exempt from the fees if use for that purpose is approved by DNR and the waste is used in that way.

residences, business, commercial, government facilities, construction and demolition, and industrial uses that are not high-volume. High-volume industrial waste includes fly ash, bottom ash, paper mill sludge and foundry process waste. Table 1 shows that high-volume waste is assessed tipping fees totaling \$0.497 per ton, and is exempt from the recycling and nonpoint tipping fees.

Table 2 shows the changes in the recycling, environmental repair, and nonpoint tipping fee rates, and the date the change was effective. The recycling tipping fee was created in 1999 Wisconsin Act 9, at a rate of 30¢ per ton, effective for waste disposed of in Wisconsin landfills on or after January 1, 2000. The recycling fee was deposited in the segregated recycling fund prior to 2011-12.

Table 2: Tipping Fee Rate Changes - Municipal Solid Waste

Time Period	Fee Rate
Recycling Fee	
January 1, 2000 to December 31, 2001	\$0.30
January 1, 2002 to October 31, 2007	3.00
November 1, 2007 to September 30, 2009	4.00
October 1, 2009 and thereafter	7.00
Environmental Repair Fee	
Prior to November 1, 2007	\$0.50
November 1, 2007 to June 30, 2009	0.85
July 1, 2009 and thereafter	2.50
Nonpoint Fee	
November 1, 2007 to June 30, 2009	\$0.75
July 1, 2009 and thereafter	\$3.20

The recycling and solid waste landfill administration tipping fees are assessed and collected quarterly. The other environmental management (environmental repair, groundwater, and well compensation), nonpoint, and Solid Waste Facility Siting Board fees are assessed annually in May for tons disposed of during the previous calendar year. Most of the annual fees are received by DNR in June or July. For example, tons landfilled in 2013 were assessed tipping fees by DNR in May of 2014, and the fees were received pri-

marily in the 2013-14 fiscal year, which ended on June 30, 2014. However, due to a time lag between billing and collections, a sizable amount, approximately \$2.4 million, of tipping fees assessed in 2013-14 were received in 2014-15.

State recycling tipping fees paid by municipalities are exempt from the budget test under the expenditure restraint program. Other tipping fees are not subject to this provision.

The DNR solid waste landfill administration program revenue (PR) appropriation funds DNR administration of: (a) landfill plan review and licensing; (b) licensing of solid waste collectors and transporters; and (c) plan review and licensing of hazardous waste facilities and transporters. The waste facility siting tipping fee supports the Solid Waste Facilities Siting Board, attached to the Department of Administration (DOA). The Board supervises mandated negotiation and arbitration procedures related to the siting of solid or hazardous waste facilities.

In addition to the environmental repair tipping fee shown in Table 1, nonapproved (certain older) facilities pay 1.5¢ per ton of solid non-hazardous waste disposed and 15¢ per ton of hazardous waste. (There are no hazardous wastes disposed of in Wisconsin licensed facilities at this time and thus, no revenue is generated from hazardous waste tonnage fees.)

Tons of Solid Waste

Table 3 shows the total tons of solid waste disposed of in Wisconsin landfills for the past six years of available data. Tonnages are shown on a calendar-year basis, and fees are mostly received before the end of the succeeding fiscal year. Table 3 reflects a general decline in total tons of waste sent to landfills in recent years. The general decrease began in 2007, after total 2006 disposal of over 11.2 million tons marked a record high. The Table reflects some variability in annual tonnages for certain categories, and such variability in waste

Table 3: Tons of Solid Waste Landfilled in Wisconsin, by Category and Year

Type of Waste	2008	2009	2010	2011	2012	2013
Municipal solid waste and construction and demolition waste	6,223,819	5,217,029	4,568,074	4,443,342	4,358,897	4,217,321
Other non- high-volume industrial waste	765,677	528,152	510,689	809,264	714,297	495,227
PCB contaminated sediment *	0	341,580	385,265	124,713	833,588	295,865
Unusable paper making materials *	28,744	50,169	54,429	41,680	55,358	71,863
Certain waste from nonprofits that operate recycling programs *	<u>0</u>	<u>7,623</u>	<u>7,471</u>	<u>9,101</u>	<u>8,620</u>	<u>13,812</u>
Subtotal tons subject to nonpoint tipping fee	7,018,240	6,144,553	5,525,928	5,428,100	5,970,760	5,094,088
Percent change in tons subject to nonpoint tipping fees	---	-12.4%	-10.1%	-1.8%	10.0%	-14.7%
High-volume industrial waste **	1,436,794	1,028,743	914,262	1,045,635	880,082	1,136,766
Tons subject to state tipping fees	8,455,034	7,173,296	6,440,190	6,473,735	6,850,842	6,230,854
Tons used for daily cover at landfills***	1,803,047	1,560,408	1,829,755	1,570,164	1,858,597	1,619,116
Certain waste generated from a natural disaster	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>403</u>	<u>0</u>
Subtotal tons exempt from all state tipping fees	1,803,047	1,560,408	1,829,755	1,560,164	1,859,000	1,619,116
Total waste landfilled in Wisconsin	10,258,081	8,733,704	8,269,945	8,043,899	8,709,842	7,849,970
Percent change in total tons landfilled in Wisconsin		-14.9%	-5.3%	-2.7%	8.3%	-9.9%
Portion of landfilled tons from out-of-state	1,726,712	1,196,170	526,437	425,986	385,736	375,266

*Subject to reduced rates for, or exemption from, other state tipping fees.

**Includes utility power plant ashes and sludges, pulp and papermill waste, foundry manufacturing waste, and energy recovery incinerator ash.

***Wastes used at landfills for daily cover, lining, capping, or constructing berms, dikes or roads.

Source: DNR compilation of annual reports submitted by landfills.

categories may impact total annual tons subject to fees. An example of such variation would be an increase in contaminated sediment from remediation projects in the Fox River and the Sheboygan River deposited in landfills in 2012. The general tonnage declines may be attributable to a variety of factors, including expanded recycling and waste reduction programs statewide, slower economic activity since the 2007-09 recession, broader changes in consumer and producer habits regarding product packaging and waste management, and higher state tipping fees enacted in 2007 and 2009.

Tipping Fee Collections

Table 4 shows total state tipping fee collections from fiscal years 2010-11 through 2013-14, by tipping fee category. The actual collections varied from year to year because of differences in the timing of assessments and collections, and differences in the number of tons of waste subject to fees. For example, in 2011-12, collections of all state tipping fees totaled \$60.9 million. Approximately \$3.1 million in environmental solid waste tipping fees assessed in 2011-12 for calendar year 2011 wastes were collected in 2012-13. In 2012-13, collections totaled \$78.6 million, partly due to the 2011-12 assessments collected in 2012-13, and to the fact that calendar year

Table 4: State Solid Waste Tipping Fee Revenue Collections

Fee	2010-11	2011-12	2012-13	2013-14
Environmental Management Account				
Recycling	\$35,309,500	\$36,292,800	\$34,169,000	\$33,043,500
Environmental Repair	13,551,200	10,014,900	17,842,800	10,268,100
Groundwater	685,100	502,300	848,100	538,600
Well compensation	296,900	223,700	363,700	215,400
EMA Subtotal	\$49,842,700	\$47,033,700	\$53,223,600	\$44,065,600
Nonpoint	17,773,900	12,851,400	24,399,100	13,432,800
DNR Solid waste landfill administration	964,700	965,800	932,800	1,006,100
DOA Waste Facility Siting Board	47,900	35,200	59,400	37,700
Total	\$68,629,200	\$60,886,100	\$78,614,900	\$58,542,200

2012 tons subject to state tipping fees totaled approximately 6.9 million as compared to the 6.5 million tons subject to fees for calendar year 2011. Approximately \$2.4 million in environmental solid waste tipping fees assessed in 2013-14 for calendar year 2013 were collected in 2014-15.

Waste Subject to Reduced Tipping Fees

PCB Contaminated Sediments. 2003 Wisconsin Act 33 exempted from the recycling tipping fee all sludges, river sediments, or dredged materials that contain PCBs (polychlorinated biphenyls) that are removed in connection with the remediation of contaminated sediments in a navigable water of the state, if the total quantity of the removed materials, either in an individual phase or in combination with other planned phases of remediation, will exceed 200,000 cubic yards. This exemption applies mainly to sediments dredged from the Fox River cleanup project, and, to a smaller extent, other large harbor contaminated sediment cleanups such as the Sheboygan River. Qualifying PCB-contaminated wastes pay tipping fees totaling \$4.347 per ton. If the PCB sediments do not meet these criteria, they are subject to the \$12.997 per ton fee for non-high-volume industrial waste.

Under 2009 Act 28, when the environmental repair tipping fee was increased from \$0.85 to \$2.50 per ton for non- high-volume industrial waste, the fee rate for PCB contaminated sediment was maintained at \$0.85 per ton if it meets the same eligibility criteria required for the recycling tipping fee exemption.

In calendar years 2004 through 2013, a total of 2,446,800 tons of contaminated sediments, primarily from the Fox River cleanup project, were disposed of in Wisconsin landfills, and were subject to reduced state tipping fees. This included 833,600 tons in 2012 and 295,900 tons in 2013. It is expected that approximately 300,000 tons may be landfilled under the provision in 2014.

Unusable Paper Making Materials. 2005 Wisconsin Act 25 exempted from the recycling tipping fee, waste material that is removed from recycled materials intended for use as recycled fiber by a person that makes paper, pulp, or paperboard from wastepaper, if the waste material cannot be used to make paper, pulp, or paperboard. These wastes are assessed \$5.997 per ton in state tipping fees. In calendar years 2005 through 2013, a total of 349,300 tons were exempt from the recycling tipping fee under the provision, including 55,400 tons in 2012 and 71,900 tons in 2013.

Waste From Nonprofits With Recycling Programs. 1999 Wisconsin Act 9 exempted solid waste from the recycling tipping fee if it is disposed of by a nonprofit organization that provides services and programs for people with disabilities or that primarily serves low-income persons and that derives a portion of its income from the operation of recycling and reuse programs, if

that waste is not commingled with waste that is subject to the tipping fee. These wastes are assessed \$5.997 per ton in state tipping fees. In calendar years 2009 (the first year DNR tracked this exemption separately) through 2013, a total of 46,600 tons were exempt from the recycling tipping fee under the provision, including 8,600 tons in 2012 and 13,800 tons in 2013.

Mining Waste. Ferrous and nonferrous mining wastes disposed of in mining waste landfills are subject to lower tipping fees than the fee rates shown in Table 1. Ferrous (iron) prospecting or mining wastes disposed at a site covered by a mining permit are subject to tipping fees of 2.7¢ per ton, including 1¢ for environmental repair, 1¢ for groundwater and 0.7¢ for the waste facility siting fee. Nonferrous mining wastes are subject to the same 2.7¢ per ton, plus the \$7 recycling tipping fee (\$7.027 total). No mining waste was disposed of in the state in recent years.

Waste Exempt from All State Tipping Fees

Landfill Daily Cover. Solid waste is exempt from all state tipping fees if it is used by landfills for daily cover, capping or constructing berms, dikes or roads in the facility, if the purpose is approved by DNR and the waste is used in the approved way. This can include industrial waste, shredder fluff, treated contaminated soil, and other approved wastes used for daily cover. This included 1,858,600 tons in 2012 and 1,619,100 tons in 2013.

Waste from Natural Disasters. 2011 Wisconsin Act 32 exempted from all state tipping fees, waste generated from a natural disaster (a severe natural or human-caused flood, or a severe tornado, heavy rain, or storm) if all of the following apply: (a) the natural disaster resulted in a federal or state declaration of disaster; (b) the solid waste materials generated in the natural disaster were disposed of in a landfill within 60 days after the occurrence of the natural disaster; (c) the solid waste materials were generated within a municipi-

ality that was included in the federal or state disaster declaration; and (d) the solid waste materials were removed as part of the disaster recovery effort and were segregated from other solid wastes when delivered to the landfill. In calendar years 2011 through 2013, 400 tons were exempt from all state tipping fees under the provision, all of it in 2012.

Materials Recovery Facility Waste Residue. 2013 Wisconsin Act 301 exempts certain residual waste from qualified materials recovery facilities (MRFs) from all state tipping fees, effective with waste disposed of on or after January 1, 2015. The exemption is subject to the following caps: (a) for a construction and demolition MRF, 30 percent of the total weight of material accepted by the facility; and (b) for any other MRF, 10 percent of the total weight of material accepted by the facility.

A qualified materials recovery facility is defined as either: (a) a facility defined in s. 287.27 of the statutes as a facility where the recyclable materials that are banned from landfills (for example, aluminum or glass containers, newspaper, and cardboard), not mixed with other solid waste, are processed for reuse or recycling, if the operator of the MRF is self-certified under administrative code NR 544.16, and the facility is in compliance with its approved plan of operation; or (b) a facility at which materials generated by construction, demolition, and remodeling of structures are processed for recycling if the facility is licensed under Chapter 289 of the statutes as a solid waste processing facility, the approved plan of operation for the facility requires the reporting of the volume or weight of materials processed, recycled, and discarded as residue, and the facility is in compliance with its approved plan of operation.

The tipping fee exemption is expected to reduce tons subject to state tipping fees by approximately 72,200 tons annually. This would reduce total state tipping fee revenues by roughly \$130,000 in 2014-15 (one quarter of recycling and solid waste administration fees), and by approxi-

mately \$940,000 annually beginning in 2015-16. Of the annual revenue reduction, approximately \$700,000 will be a reduction in environmental management account tipping fee revenues.

Waste Generator Bad Debt. 2013 Wisconsin Act 301 exempts certain waste generator bad debt from all state tipping fees. Effective with waste disposed of on or after January 1, 2015, if a person who disposes of solid waste at a licensed solid waste facility (landfill) or hazardous waste disposal facility fails to pay the tipping fees and the disposal charges imposed by the landfill operator within 120 days after the date of disposal, the landfill owner or operator may submit an affidavit to DNR that includes the following: (a) identifying information for the person that failed to pay the tipping fees; (b) a description of the efforts made to collect the overdue fees; and (c) a commitment that the operator will not accept any more solid waste from the person until the overdue tipping fees are paid. When it receives such an affidavit, DNR is required to: (a) refund any amount of the overdue tipping fees that the owner or operator paid to DNR for the person; and (b) grant a waiver to the owner or operator from the requirement to pay DNR any more of the overdue tipping fees owed by the person. If the person later pays the overdue tipping fees to the owner or operator, the owner or operator would be required to pay the tipping fees it receives to DNR.

The tipping fee exemption is expected to reduce tons subject to tipping fees by approximately 10,000 annually. This would reduce total state tipping fee revenues by roughly \$20,000 in 2014-15 (one quarter of recycling and solid waste administration), and by approximately \$130,000 annually beginning in 2015-16. Of the annual revenue reduction, approximately \$100,000 will be a reduction in environmental management account tipping fee revenues.

Waiver from Fees for Certain Waste Removal Activities. 2013 Wisconsin Act 333, effective April 25, 2014, authorizes DNR to grant a waiver from

all state tipping fees to a person who the Department requests to participate in waste removal activities to mitigate potential environmental impacts. The Department is required to first determine that granting a waiver from the fees will provide an incentive for the person to participate in those activities. The waiver covers only the fees for the solid or hazardous waste disposed of as a result of the waste removal activities requested by DNR. The exemption will reduce state tipping fee revenues by an indeterminate amount. DNR is aware of one facility (a bankrupt facility near Beloit) where up to 25,000 tons of waste might qualify for an exemption of up to approximately \$325,000 in state tipping fees. However, it is uncertain if or when the exemption will be used at the site or at any other site in the state.

Other Account Revenues

In addition to the \$9.64 per ton state tipping fee, several other sources provide the remaining 12% of revenues deposited in the environmental management account in the 2013-15 biennium. These revenues include a transfer from the segregated petroleum inspection fund, several license and other environmental fees, and revenues received for designated purposes.

Table 5 shows the actual amount of revenue received in the environmental management account from every revenue source from 2010-11 through 2013-14.

Petroleum Inspection Fund. An annual transfer of \$1,704,800 is made from the segregated petroleum inspection fund to the environmental management account. A petroleum inspection fee of 2¢ per gallon is assessed on all petroleum products brought into the state. The fee generates approximately \$72 million annually. Petroleum inspection fee revenues are deposited in the segregated petroleum inspection fund and are used,

in part, to fund cleanup of petroleum-contaminated sites under the Petroleum Environmental Cleanup Fund Award (PECFA) program. For more information on the other uses of the petroleum inspection fund, see the Legislative Fiscal Bureau information paper entitled "Petroleum Environmental Cleanup Fund Award Program."

Pesticide and Fertilizer Fees. License fees are assessed annually on manufacturers and labelers of pesticides and collected by DATCP. Of the total registration fee (which ranges from \$265 to \$3,060 based on the annual sales), \$124 for each

household pesticide product licensed and \$94 for each nonhousehold pesticide product licensed is deposited in the environmental management account. The remaining fees are deposited in the segregated agrichemical management fund.

License applicants also pay a cleanup surcharge, which is deposited in the environmental management account, for nonhousehold pesticide products that are wood preservatives solely labeled for use on wood and that contain pentachlorophenol or coal tar creosote. The surcharge ranges from \$5 if sales of the product in the state are less than \$25,000 to 1.1% of gross revenues if

Table 5: Environmental Fund Revenues for the Environmental Management Account, 2010-11 through 2013-14

Revenue Source	2010-11	2011-12	2012-13	2013-14
Recycling Tipping Fee	N/A	\$36,292,800	\$34,169,000	\$33,043,500
Environmental Repair Tipping Fee *	\$13,551,200	10,014,900	17,842,800	10,268,100
Groundwater Tipping Fee *	685,100	502,300	848,100	538,600
Well Compensation Tipping Fee *	296,900	223,700	363,700	215,400
Transfer to Nonpoint Account	0	0	0	-650,000
Petroleum Inspection Fund	2,234,800	1,704,800	1,704,800	1,704,800
Pesticide and Fertilizer Fees	1,452,600	1,541,800	1,560,000	1,625,400
Hazardous Waste Generator Fee	889,300	935,300	944,000	977,600
Site Specific (Fox River) Remediation	7,095,100	1,274,600	795,200	1,164,500
Sanitary Permit Groundwater Fee	263,600	274,800	236,500	265,500
Hazardous Spill Reimbursement	630,300	160,500	155,500	259,300
Electronics Recycling Fee	0	552,700**	329,200	320,500
Nonmetallic Mining Fees	190,400	195,900	210,200	215,200
Environmental Assessment	265,500	116,400	128,400	192,200
Land Disposal Permit	71,600	72,000	63,100	58,000
Civil Action Damages	36,300	50,600	85,500	97,500
Bulk Tank Surcharge	9,600	21,300	20,900	24,100
Septic System Servicing Fee	43,600	5,100	42,500	4,600
Environmental Repair Base Fee and Surcharge	3,900	2,900	4,000	1,900
Cooperative Remedial Action	0	0	0	0
Newspaper Recycling Fee	0	0	0	0
Investment Income	1,500	12,600	23,000	5,900
Agrichemical Chemical Fund - one-time	0	0	0	750,000
Vehicle Environmental Impact Fee	10,653,100	442,300	0	0
Miscellaneous Revenue	<u>20,300</u>	<u>40,500</u>	<u>39,300</u>	<u>14,700</u>
Total	\$38,394,700	\$54,437,800	\$59,565,700	\$51,097,200

*Approximately \$3.1 million in environmental solid waste tipping fees assessed in 2011-12 for calendar year 2011 were collected in 2012-13. Approximately \$2.4 million in environmental solid waste tipping fees assessed in 2013-14 for calendar year 2013 were collected in 2014-15.

**Includes 2010-11 closing unencumbered balance transferred from the former recycling fund.

sales of the product exceed \$75,000 in the state.

Producers of pesticides must pay a well compensation fee of \$150 annually which DATCP deposits into the environmental management account.

Finally, persons who sell or distribute fertilizer or who distribute a soil or plant additive in Wisconsin are required to pay a groundwater fee, which is deposited in the environmental management account, of 10¢ per ton of fertilizer, with a minimum fee of \$1 for aggregate sales of 10 tons or less.

Hazardous Waste Generator Fee. A \$350 base fee for small quantity generators or \$470 for large quantity generators plus \$20 per ton is charged to all generators of hazardous waste that are required to report annually to DNR under the state's hazardous waste law. Producers of at least 220 pounds of hazardous waste in any month report annually and pay both the base fee and tonnage fee, but are exempt from the tonnage fee if the waste is: (a) recovered for recycling or reuse; (b) leachate being transported to a wastewater treatment plant; or (c) removed from the site as part of an environmental cleanup project. The maximum fee for a single generator is \$17,500.

Site Specific (Fox River) Remediation. Certain revenues are deposited in the environmental management account for remediation at specific sites. The moneys can only be expended for the purposes received and are not available for other appropriations from the account. The revenues include all moneys received: (a) in settlement of actions initiated under federal CERCLA regulations (Comprehensive Environmental Response, Compensation and Liability Act); and (b) all moneys received under court approved settlement agreements or orders, in settlement of actions or proposed actions for violations of environmental statutes, that are designated to be used to restore or develop environmental resources, to provide

restitution or to make expenditures required under the order or agreement. Almost all of the revenues received to date relate to cleanup of PCBs (polychlorinated biphenyls) in a stretch of the Fox River from Lake Winnebago to Green Bay.

Sanitary Permit Groundwater Fee. Local governments are required to issue a sanitary permit and charge a fee before a person may install any private onsite wastewater treatment system. In addition, the local government that issues the sanitary permit is required to collect a \$25 groundwater fee and pay it to the Department of Safety and Professional Services (DSPS), which then deposits the groundwater fee in the environmental management account. DSPS rules require the local government to charge a sanitary permit fee that totals at least \$141, and send \$100 of the total to DSPS. The \$100 includes the \$25 groundwater fee deposited in the environmental management account, and \$75 which is deposited in a DSPS program revenue account for DSPS administration of the sanitary permit program. (The local government keeps \$41 of the \$141, or more if the local government sets a higher total fee.)

Hazardous Spill Reimbursement. When DNR cleans up hazardous substances spills with state funds, it seeks compensation from responsible parties. The compensation is deposited in the environmental management account and varies considerably by year. DNR may also recover its costs of remedying adverse effects upon the waters of the state resulting from the unlawful discharge or deposit of pollutants in the waters.

Electronics Recycling Fees. Manufacturers of certain electronics devices (such as televisions, computers, computer monitors, facsimile machines, digital video disc players, and video cassette recorders) are required to register with DNR, beginning in 2010, and pay annual registration fees based on the number of covered electronic devices it sold in the state in the previous program year. The fees include: (a) \$0, if less

than 25 devices were sold; (b) \$1,250 if 25 to 249 devices were sold; and (c) \$5,000 if at least 250 devices were sold. A manufacturer also pays a shortfall fee, beginning in 2011, if it does not meet its recycling target, that is, it recycles fewer electronic devices than it sells. The electronics recycling fees were deposited in the recycling fund prior to 2011-12. The electronics recycling fees can only be used for administration of the electronics recycling program and are not available for expenditure by other appropriations under the environmental management account.

Nonmetallic Mining Fees. 71 counties were required to enact and administer a nonmetallic (generally sand and gravel) mining reclamation ordinance for closure and restoration of the mine site. (Milwaukee County is not required to adopt an ordinance because all municipalities within the county with nonmetallic mines adopted ordinances.) In addition to the county requirement, towns, villages and cities may adopt and administer local mining reclamation ordinances. A county or municipality with an ordinance collects annual fees to cover the local and DNR costs of administering the reclamation program. The DNR share of the fees, established in administrative rule, equals \$35 to \$175, depending on the mine size in unreclaimed acres. The counties and municipalities collect the DNR share of fees and pay them to DNR for deposit in the environmental management account.

Environmental Assessment. When a court imposes a fine or forfeiture for violation of administrative rules or DNR orders related to pollution discharge, drinking water or septic tank statutes, it also imposes an environmental assessment. The court transfers the assessment to DNR and DNR deposits the assessment in the environmental fund. The assessment is equal to 10% of the fine or forfeiture for violations that occurred before July 1, 2009, or 20% of the fine or forfeiture for violations that occurred on or after July 1, 2009. Fifty percent of the 10% assessments and 70% of the 20% assessments (resulting in a 14% sur-

charge for UW) are deposited in the University of Wisconsin System's environmental education appropriation within the environmental management account and are only used to fund environmental education grants. (See the later section under expenditures for a description of the appropriation.) The remaining environmental assessments can be used for any of the other purposes of the account.

Land Disposal Permit. Persons who discharge certain pollutants into the waters of the state are required to obtain a water pollutant discharge elimination system permit from DNR. The permit holder is also required to pay a \$100 annual groundwater fee to DNR if the permittee discharges effluent on land or produces sludge from a treatment work that is disposed of on land. The permittee is required to pay a \$200 annual groundwater fee if the permittee discharges effluent on land and disposes of sludge from a treatment work on land.

Civil Action Damages. The account receives compensation resulting from court ordered payments by responsible parties for specific cleanup activities.

Bulk Tank Surcharge. Persons must receive approval from DATCP of plans for installation of, or change in, the operation of a previously approved installation for the storage, handling or use of flammable or combustible liquids. In addition to any plan review fees paid to DATCP for administration of the program, a groundwater fee of \$100 per plan review submittal for tanks with a capacity of 1,000 gallons or more is collected and deposited in the environmental management account.

Septic System Servicing Fee. Persons who remove and dispose of septage from septic tanks, soil absorption fields, holding tanks, grease traps or privies must pay DNR a septic servicing groundwater fee of \$100 for a two-year period. DNR deposits the fee in the environmental

management account. In addition, DNR collects program revenue fees of \$50 per resident servicing vehicle for two years, which are used for administration of septage programs.

Environmental Repair Base Fee and Surcharge. Owners of approved solid waste facilities do not pay a base fee or surcharge. Two different annual base fees for nonapproved (certain older) landfill facilities are deposited in the environmental management account. If the owner of a nonapproved facility signed an agreement with DNR to close the landfill on or before July 1, 1999, the annual base fee is \$100. If no closure agreement was signed, the annual base fee is \$1,000. The amount of the base fee is deducted from the tipping fees for nonapproved facilities.

Nonapproved facilities also pay an environmental repair surcharge equal to 25% of the non-approved facility tipping fee described in the earlier section on tipping fees, if the facility has a closure agreement (0.375¢ per ton, or 25% of 1.5¢), or 50% of the tipping fee if the facility does not have a closure agreement (0.75¢ per ton, or 50% of 1.5¢).

Cooperative Remedial Action. DNR is authorized to seek and receive voluntary contributions of funds from a municipality or any other public or private source for all or part of the costs of remedying environmental contamination if the activities being funded are part of a cooperative effort by DNR and the person providing the funds, to remedy the contamination. Any funds received are deposited into the environmental management account. Any cooperative remedial action revenues may only be used for the activities agreed on by DNR and the person providing the funds.

Newspaper Recycling Fee. A newspaper recycling fee is assessed annually to the publisher of a newspaper that fails to meet state targets of 33 percent recycled content in a calendar year. The amount of the fee is 1% of the total cost of the

newsprint used during the year, multiplied by the recycling status factor, which is the target recycled content percentage minus the average recycled content percentage of the newsprint actually used. The newspaper recycling fees were deposited in the recycling fund prior to 2011-12.

Investment Income. Interest earned on state investments is distributed to various funds, including the environmental management account, based on its monthly cash balance.

Agricultural Chemical Management Fund. 2013 Act 20 specified that a one-time transfer of \$750,000 be made in 2013-14 from the segregated agricultural chemical management fund to the environmental management account. The agricultural chemical management fund receives revenues from several pesticide and fertilizer fees, and pays for activities such as administration of regulations of pesticide and fertilizer producers, cleanup of agricultural chemical spills, and DATCP groundwater protection functions. The purpose of the transfer was to pay for a one-time increase of the same amount in the DATCP clean sweep grant program for grants to local governments for household hazardous waste collection activities.

Vehicle Environmental Impact Fee. A \$9 per vehicle fee was assessed at the time of titling new and used vehicles and deposited in the environmental management account between 1997-98 and 2010-11. The fee was repealed in 2011 Act 32 (while the vehicle title fee deposited in the transportation fund was increased by the same amount). In 2010-11, the last full year the fee was deposited in the environmental management account, the fee generated \$10.6 million, or 34% of revenue to the account, excluding site-specific revenues. In 2011-12, vehicle environmental impact fee revenues of \$442,300 were deposited in the environmental management account related to vehicle title transfers that occurred prior to July 1, 2011, for which paperwork was received after that date.

Miscellaneous Revenue. The account sometimes receives small revenues from other sources, such as refunds of prior year expenditures, and sales of photocopies and publications.

Environmental Management Account Condition

Table 6 shows the condition of the environmental management account in 2011-12 through 2014-15. The table shows actual revenues and expenditures for 2011-12 through 2013-14, and estimated revenues and expenditures for 2014-15. In 2013-14, revenues totaled \$51.1 million and expenditures totaled \$57.0 million. In 2014-15, revenues are expected to total approximately \$54.2 million, with \$58.0 million in authorized expenditures. Further, over 146 positions are authorized, including 103.19 at DNR and 43.20 at other state agencies. Based on authorized expenditures, Table 6 indicates a minimal June 30, 2015, unencumbered balance would be expected. However, it is likely agency expenditures will be less than authorized in 2014-15. For example, DNR vacancy levels have equaled about 8% or approximately seven to nine of the authorized 103.19 DNR positions funded from the account in calendar year 2014.

Approximately \$2.4 million of the 2014-15 revenue is anticipated to be one-time, relating to environmental tipping fees assessed in 2013-14 and collected in 2014-15 instead of 2013-14 due to an unusual time lag between billing and collection. On the other hand, the \$1.3 million transfer to the nonpoint account would only be made in 2014-15. Therefore, base level annual expenditure authority of \$58 million is anticipated to exceed the \$53 million in annualized revenues by approximately \$5 million. It is likely that consideration of the 2015-17 biennial budget will need to include modifications to revenues, expenditures, or both from the account to address this

structural imbalance.

Expenditures

This section describes the uses of the appropriations from the environmental management account. Approximately 35% of 2014-15 budgeted expenditures are for municipal and county recycling grants, 24% for debt service payments for general obligation bonds, and 24% for DNR administration of environmental and recycling programs. The remaining 17% of budgeted expenditures are used for contaminated land cleanup, UW Systems programs, and programs funded in other state agencies. These percentages exclude the amounts anticipated to be spent on site specific remediation.

The Appendix shows all appropriations from the environmental management account. For every appropriation, the table shows the statutory Chapter 20 reference, actual expenditures for 2011-12 through 2013-14, the base funding amount for 2014-15 (estimated amount for debt service appropriations), and the authorized number of positions. It also notes the appropriations that were funded from the segregated recycling fund prior to 2011-12.

DNR Operations

Air, Waste, and Remediation and Redevelopment Division Operations. The environmental management account funds 36.5 administrative positions in the Air, Waste, and Remediation and Redevelopment Division. This includes a larger Division operations appropriation with 33.5 positions and a smaller brownfields operations appropriation with 3.0. The positions funded from the account in the Division include hydrogeologists, waste specialists, engineers, budget and outreach specialists, program assistants, and supervisors. The Division also receives funding

Table 6: Environmental Management Account Condition

	2011-12 <u>Actual</u>	2012-13 <u>Actual</u>	2013-14 <u>Actual</u>	2014-15 <u>Base Funding</u>	2014-15 <u>Staff</u>
Opening Balance -- July 1	\$14,308,300	\$16,385,500	\$18,750,100	\$12,872,400	
Revenues					
Solid Waste Tipping Fees - Recycling *	\$36,292,800	\$34,169,000	\$33,043,500	\$33,100,000	
Solid Waste Tipping Fees - Environmental	10,740,900	19,054,600**	11,022,100	15,800,000**	
Transfer to Nonpoint Account	0	0	-650,000	-1,300,000	
Transfer from Petroleum Inspection Fund	1,704,800	1,704,800	1,704,800	1,704,800	
Pesticide and Fertilizer Fees	1,541,800	1,560,000	1,625,400	1,550,000	
Hazardous Waste Generator Fees	935,300	944,000	977,600	950,000	
Site Specific Remediation	1,274,600	795,200	1,164,500	1,000,000	
Other Fees and Income - Environmental	952,600	1,008,900	1,138,800	1,095,200	
Other Fees and Income - Recycling *	552,700	329,200	1,070,500	300,000	
Vehicle Environmental Impact Fee	442,300	0	0	0	
Total Revenue	<u>\$54,437,800</u>	<u>\$59,565,700</u>	<u>\$51,097,200</u>	<u>\$54,200,000</u>	
Total Revenue Available	\$68,746,100	\$75,951,200	\$69,847,300	\$67,072,400	
Expenditures					
DNR Recycling Grants to Local Governments *	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	
DNR Administration - Environmental	9,807,800	10,019,600	10,976,100	11,114,200	81.79
DNR Administration - Recycling *	2,499,100	2,388,800	2,562,200	2,657,700	21.40
DNR Brownfields or Well Grants	517,600	375,500	218,600	276,000	
DNR State-funded Cleanup	1,140,800	1,219,700	1,511,900	2,292,700	
DNR Site Specific Remediation	3,442,200	2,449,400	1,108,600	1,000,000	
Debt Service for General Obligation Bonds	8,697,200	13,418,300	13,498,300	13,602,700	
UW System Bioenergy Initiative *	3,487,600	4,475,300	4,176,100	4,069,100	35.20
WEDC Brownfields Grants	1,000,000	1,000,000	1,000,000	1,000,000	
Other Agencies - Environmental ***	425,200	422,100	443,800	466,700	2.00
Other Agencies - Recycling *	<u>1,343,100</u>	<u>1,432,200</u>	<u>1,479,300</u>	<u>1,555,700</u>	<u>6.00</u>
Total Expenditures	\$52,360,600	\$57,200,900	\$56,974,900	\$58,034,800	146.39
Cash Balance					
Cash Balance	\$16,385,500	\$18,750,100	\$12,872,400	\$9,037,600	
Encumbrances, Continuing Balances ****	-\$8,598,800	-\$7,351,900	-\$8,756,300	-\$8,920,000	
Closing Available Balance -- June 30	\$7,786,700	\$11,398,200	\$4,116,100	\$117,600	

* Revenues to or appropriations funded from the recycling fund prior to 2011-12. Other agencies include Department of Agriculture, Trade and Consumer Protection clean sweep grants, Department of Corrections computer recycling, UW Extension recycling education, and UW System solid waste research and experiments.

** Includes approximately \$3.1 million of environmental solid waste tipping fees assessed in 2011-12 for calendar year 2011 and collected in 2012-13. Includes approximately \$2.4 million of environmental solid waste tipping fees assessed in 2013-14 for calendar year 2013 and expected to be collected in 2014-15.

*** Includes Department of Health Services groundwater and air quality standards, Department of Military Affairs emergency response training, and UW System environmental education.

**** In 2013-14, includes \$4.2 million for DNR state-funded cleanup, \$2.6 million for DNR site specific remediation, \$0.7 million for DATCP clean sweep grants, \$0.6 million for DNR well compensation, \$0.3 million for UW environmental education, \$0.3 million for electronics recycling, and \$0.1 million for other programs.

from other sources, including general purpose revenues (GPR), federal grants, program revenues (PR), the segregated petroleum inspection fund, and the segregated dry cleaner environmental response fund.

In the Remediation and Redevelopment program, the account funds 22.5 positions that administer contaminated land cleanup programs, state statutes and regulations related to hazardous substances cleanup, state-funded cleanup activities, outreach to persons who are required to cleanup contamination, technical assistance, and outreach.

In the Waste and Materials Management program, the account funds 11.5 positions that administer management and proper disposal of solid waste, transportation and disposal of hazardous waste, landfill facility licensing.

In the Air Management program, the account funds 2.0 positions that monitor industrial sand mining activities.

The account also funds 0.5 positions for Divisionwide administration.

Recycling Operations. A separate environmental management account appropriation, funded from the recycling fund prior to 2011-12, funds 14.5 positions in the Air, Waste, and Remediation and Redevelopment Division for administration of recycling programs. These activities include policy development, technical assistance and outreach to local governments, enforcement of compliance with local government recycling program requirements, processing applications for the municipal and county recycling grant program, and performing informational and educational functions.

For more information about DNR's recycling programs, see the separate Legislative Fiscal Bureau informational paper entitled, "Recycling Financial Assistance Programs."

Electronic Waste Recycling Administration. The account includes 1.0 position in a separate appropriation for electronics recycling operations. The appropriation is authorized to spend all moneys received from electronics recycling revenues.

Enforcement and Science Division Operations. The account funds 8.08 environmental enforcement specialists, wardens, and supervisory positions that are responsible for maintaining compliance of facilities and persons with environmental statutes, resolving civil violations of environmental laws, issuing notices of environmental violations, and investigation environmental violations. The account also funds 0.5 position in the Bureau of Science Services.

Recycling Enforcement. A separate appropriation, formerly funded from the recycling fund, supports 2.4 positions in the Division of Enforcement that perform recycling enforcement activities.

Water Division Operations. The account funds 29.67 positions in the Water Division. These positions include engineers, water supply specialists, hydrogeologists, and environmental program associates. The Division also receives funding from other sources, including general purpose revenues, federal grants, and program revenues.

The account funds 19.04 positions in the Drinking Water and Groundwater program to work on groundwater policy development, research and standards development, water supply issues, high capacity well review, public and private water supply issues, and water use issues.

The account funds 10.0 positions in the Water Quality program to manage activities such as wastewater permit issuance, contaminated sediment removal projects, water quality monitoring, and Great Lakes issues.

The account also funds 0.63 position in the Watershed Management program.

Customer and Employee Services Division Operations. The account funds 7.04 positions in departmentwide administrative functions, including in finance, customer service and licensing, communication and education, community financial assistance, business support and sustainability, and program management. (The Appendix shows this as two appropriations, one for administration and technology, and one for customer assistance and external relations.)

Recycling Administration and Recycling Grants Administration. The Customer and Employee Services Division funds 3.5 positions, that were funded from the recycling fund prior to 2011-12. This includes 2.0 positions in the Bureau of Community Financial Assistance that are responsible for recycling grants administration, 1.0 position for business support and sustainability, and 0.5 position for accounting, purchasing and other financial management recycling-related activities. (The Appendix shows this as two appropriations.)

DNR Cleanup and Recycling Assistance

Municipal and County Recycling Grants. The municipal and county recycling grant program provides financial assistance to local governments (responsible units) for a portion of the costs to operate an eligible effective recycling program. It is appropriated \$19 million annually and is the largest use of the environmental management account. It was funded from the recycling fund prior to 2011-12.

Recycling Consolidation Grants. The recycling consolidation grant program provides financial assistance to local governments that operate effective recycling programs, are counties, or meet certain criteria, such as entering into cooperative agreements with other local government for joint provision of recycling programs.

The program is appropriated \$1 million annually.

State-Funded Contaminated Land Cleanup. DNR administers a state-funded response appropriation through the environmental management account. The appropriation had \$7,992,000 available for expenditures in the 2013-15 biennium. This included expenditure authority of \$2,292,700 in 2013-14 and \$2,292,700 in 2014-15, encumbrances at the beginning of 2013-14 totaling \$942,100 and an unencumbered carry-in balance of \$2,464,500. Expenditures from the appropriation totaled \$1,219,700 in 2012-13 and \$1,511,900 in 2013-14.

The appropriation is used for DNR expenditures related to: (a) DNR-lead cleanups of contaminated sites where the responsible party is unknown or cannot or will not clean up the site; (b) the state share at certain federal Superfund site cleanups; (c) the state match to federal Leaking Underground Storage Tank (LUST) expenditures; (d) emergency spill response and cleanups; (e) response and cleanup of abandoned containers of hazardous substances where the responsible party cannot be identified; (f) \$3 per capita payments to certain municipalities for groundwater monitoring and equipment purchases; (g) provision of temporary emergency water supplies; (h) permanent replacement of water supplies under certain circumstances if the owner of the contaminated well demonstrates financial hardship beyond the financial assistance available through a well compensation grant; (i) DNR-lead remedial actions at abandoned privately-owned landfills; (j) DNR-lead cleanups resulting from responsible party payment of court settlements; and (k) limited-term employee costs related to DNR-lead cleanups.

Well Compensation Grants. DNR provides grants for replacing, reconstructing, or treating contaminated wells that serve certain private residences or are used for watering livestock. Grants can also pay costs of well abandonment. DNR must determine that the well meets certain eligi-

bility criteria related to contamination from substances such as chemicals, heavy metals, volatile organic compounds, industrial solvents, gasoline, fuel oil, paint, and pesticides. Under certain circumstances, eligibility includes contamination from arsenic and livestock fecal bacteria.

Grant recipients must have family income that does not exceed \$65,000. The maximum grant is the lesser of 75% of eligible costs or \$12,000. Grant recipients must pay a \$250 copayment, unless the grant is for well abandonment.

The appropriation had \$951,900 available during the 2013-15 biennium for expenditures, including \$276,000 in 2013-14 and \$276,000 in 2014-15, and an unencumbered carry-in balance of \$399,900. In 2013-14, DNR awarded 10 well compensation grants totaling \$85,600, and 54 well abandonment grants totaling \$54,700. Some grants may be spent in the subsequent fiscal year or final expenses may be less than the initial award. In 2013-14, actual expenditures were \$88,600 under the program.

Site Specific Remediation. A separate appropriation can only spend revenues received for site specific remediation activities, and can only be used for those remediation activities.

Cooperative Remedial Action. This appropriation can only be utilized to spend revenues received from voluntary contributions from parties who are working on a cooperative remediation project with DNR, and can only be used for the activities agreed on by DNR and the person providing the funds.

Groundwater Management. A biennial appropriation funds groundwater monitoring and research projects which are identified and selected through efforts of the Groundwater Coordinating Council. The Council is a statutorily mandated body which coordinates efforts of DNR and several other state agencies related to regulation and management of groundwater. The projects fund-

ed by the appropriation provide information to further groundwater management in the state.

PCB-Contaminated Sediment Transportation Grants. Under 2007 Wisconsin Act 20, certain responsible parties are authorized to request reimbursement for the difference between the cost of disposing in Wisconsin and transporting certain PCB (polychlorinated biphenyls) contaminated sediment to an out-of-state hazardous waste disposal facility. An eligible applicant is a responsible party under certain federal requirements or has entered into a consent decree with DNR or EPA for remediation of PCB contaminated sediment in concentration of 50 parts per million or greater. The sediment would be dredged from the bed or bank of a navigable water body in Wisconsin.

The applicant may request reimbursement of eligible costs incurred on or after May 1, 2007, including the costs of transportation, permits, and disposal fees for the disposal of PCB contaminated sediment out of state, less the costs for the disposal in state. DNR is required to pay each claim within 60 days of receiving a complete application. Applicants are required to submit a request for reimbursement within two years of the date the costs were incurred. It is anticipated that most of the potential claims submitted under the program will relate to the Fox River PCB cleanup project. In addition, PCB removal projects on the Milwaukee, Sheboygan and Manitowoc Rivers, and other Wisconsin waters may also qualify.

DNR is required to promulgate administrative rules for the program, and is authorized to promulgate emergency rules. As of the end of 2014, DNR had not promulgated emergency rules or forwarded proposed permanent rules to the Legislature.

Funding totaling \$10.5 million was appropriated for the program between 2007-08 and 2010-11. None of the appropriated funds were spent on the program.

DNR received three claims totaling \$828,200 for work completed on contaminated sediment cleanup projects on the Fox River and Sheboygan River prior to July, 2011. DNR informed applicants that the Department was not paying claims because it transferred amounts appropriated in 2009-11 to the general fund under deficit reduction provisions of 2007 Act 20. No amounts were appropriated in 2011-12 through 2014-15.

Brownfield Site Assessment Grants. DNR awarded grants to local governments between 2000-01 and 2009-10 for a portion of costs of the initial investigation of contaminated properties. In 2011 Act 32, the program was transferred to the newly created Wisconsin Economic Development Corporation, and the DNR appropriation was repealed. Appendix I shows the DNR environmental management account appropriation has made expenditures through 2013-14 (including \$129,990 in 2013-14) to close out grant awards made prior to June 30, 2011.

Indemnification Agreements. Under 1999 Act 9, DNR is authorized to enter into an agreement with a municipality which would indemnify the municipality from liability related to the disposal

of certain PCB-contaminated sediments from the Great Lakes basin. Any such indemnification would be paid from a sum sufficient appropriation from the environmental management account. No agreements have been entered into subsequent to enactment of the provision, and no indemnification has been paid.

DNR Debt Service

The environmental management includes four appropriations for debt service costs associated with issuance of general obligation bonds. Table 7 shows the 10 years of actual debt service costs from 2004-05 through 2013-14, and the estimated amounts for 2014-15. Descriptions of the uses of the general obligation bonds follow.

Remedial Action. An environmental management account appropriation pays debt service for general obligation bonds issued for remedial action and contaminated sediment cleanup. Of the total \$57 million in authorized general obligation bonding authority, DNR is authorized \$50 million to fund the state's cost-share for cleanup of federal Superfund and LUST sites and state-funded cleanups under the environmental repair

Table 7: General Obligation Bond Debt Service Payments from the Environmental Management Account

Year	Contaminated Land and Sediment	Harbor Sediment Cleanup	Administrative Facilities	Water Pollution Abatement	Total
2004-05	\$2,182,000		\$146,800		\$2,328,800
2005-06	3,006,900		206,300		3,213,100
2006-07	3,216,300		301,000		3,517,300
2007-08	3,531,300		346,700		3,878,000
2008-09	3,698,100		405,400		4,103,500
2009-10	3,868,000	\$381,800	477,100		4,726,900
2010-11	3,679,800	277,000	496,600	\$8,000,000	12,453,400
2011-12	3,734,000	642,400	518,900	3,801,900	8,697,200
2012-13	3,917,500	909,600	591,200	8,000,000	13,418,300
2013-14	3,421,600	1,410,900	665,800	8,000,000	13,498,300
2014-15*	3,311,400	1,595,300	696,000	8,000,000	13,602,700

*Estimated

statute (s. 292.31) and hazardous substances spills statute (s. 292.11). The remaining \$7 million in general obligation bonding is statutorily designated for contaminated sediment cleanup in Lake Michigan or Lake Superior or a tributary of one of the two lakes.

Bonding authority can be used for public purpose projects such as cleanup of contaminated groundwater, soils and sediments, and activities such as investigation, remedial design and cleanup of a specific site when the responsible party is unknown, unable or unwilling to fund the cleanup. Bonding authority cannot be used for general preliminary investigations or cleanups funded by responsible parties.

DNR has expended or encumbered \$44.9 million of the available \$50 million in remediation bonding authority as of June 30, 2014. DNR expended or encumbered all of the available \$7 million in contaminated sediment authority prior to June 30, 2012.

The debt service for the two purposes is paid from the same appropriation. The appropriation is sum sufficient, meaning the amounts budgeted are estimates, but the appropriation pays whatever the actual bond repayment costs are.

Beginning in 2001-02, payment of the debt service for the general obligation bonding authority for both remedial action and contaminated sediment cleanup was converted from general purpose revenue (GPR) to a segregated (SEG) revenue appropriation from the environmental management account of the environmental fund. In 2013-14, \$3.4 million SEG was expended on general obligation bond debt service for remedial action and contaminated sediment cleanup.

Great Lakes Harbor Contaminated Sediment Cleanup. 2007 Act 20 authorized DNR to use general obligation bonding authority, with debt service paid from the environmental management account, for removal of contaminated sediment

from Lake Michigan or Lake Superior or their tributaries if the project is in a water body that DNR has identified, under the federal Clean Water Act, as being impaired and the source of the impairment is contaminated sediment. DNR has been authorized a cumulative \$32 million in general obligation bonding authority (including \$5 million in the 2013-15 biennial budget).

As of June 30, 2014, DNR has expended or encumbered \$22.8 million of the available \$32 million. (This is less than the \$26.7 million expended or encumbered as of June 30, 2012, because funds that had been committed during 2011-13 were eventually not needed to complete projects, and are available for other eligible projects.)

The funding used under this provision included: (a) \$7.5 million to clean up contaminated sediment in the Kinnickinnic River in Milwaukee; (b) \$11.0 million to clean up PCB-contaminated sediment in the Estabrook Park Impoundment on the Milwaukee River north of the Estabrook Dam in 2010 through 2014; (c) \$3.3 million for two Sheboygan harbor cleanup projects during 2012 through 2014; and (d) \$1.0 million for a Marinette harbor arsenic cleanup project in 2014 through 2015. There is \$9.2 million in remaining unallocated bonding in the program.

In 2013-14, \$1.4 million SEG was expended on general obligation bond debt service for contaminated Great Lakes harbor sediment cleanup. Table 7 shows debt service costs for this purpose since expenditures were first incurred in 2009-10.

Administrative Facilities. Funding is budgeted to pay the debt service costs of bonds issued to construct certain DNR administrative buildings. DNR allocates the costs from the appropriation to the environmental management account (85.9%) and the nonpoint account (14.1%) in the 2013-15 biennium, based on the same percentage of employees funded from each of the two accounts to the total number of employees funded from the

environmental fund. A separate appropriation from the segregated conservation fund also pays a portion of administrative debt service costs.

Water Pollution Abatement. 2009 Act 28 created a sum certain appropriation in the account to be used for \$8,000,000 annually in debt service costs formerly paid from GPR for bonds issued under the former water pollution abatement grant program. The program provided grants to municipalities for wastewater treatment system construction from 1978 to 1990. The clean water fund program, within the environmental improvement fund, replaced the former program, and began providing low-interest loans to municipalities for wastewater treatment systems in 1991.

The first \$8,000,000 in annual debt service costs is paid from the environmental management account, and the remainder is paid from a GPR appropriation. Expenses from the appropriation totaled \$8 million annually in 2010-11, and 2012-13 through 2014-15. However, in 2011-12, the SEG appropriation expenses were \$3.8 million instead of the \$8 million authorized, because the state refinanced several general obligation bonds to defer payment of most principal payments.

Other State Agencies

DATCP Clean Sweep Grants. DATCP administers the clean sweep program, which provides grants to counties and municipalities for the collection of pesticides, farm chemicals, and hazardous wastes from farmers, businesses, households, schools and government agencies. Base funding for the program in the 2013-15 biennium is \$750,000 SEG annually from the environmental management account. For more information, see the Legislative Fiscal Bureau informational paper entitled "Recycling Financial Assistance Programs."

DATCP Recyclable Products Regulation. An environmental management SEG appropriation

exists for support of DATCP regulation of recyclable products, particularly regarding product packaging and labeling. The appropriation was last authorized funds in 1998-99 when it was supported by the recycling fund.

DATCP Grants for Agricultural Facilities. DATCP was appropriated \$4 million recycling SEG in 2007-08 for grants for the construction of a facility with the capacity to process at least 20 million bushels of soybeans a year. DATCP disbursed \$156,600 SEG in 2008-09 for a Landmark Services Cooperative soybean crushing plant in Evansville, but the project stalled shortly thereafter. 2009 Act 28 reallocated the funding to several alternative agricultural development activities, and in March, 2010, DATCP awarded the remaining funds as follows: (a) \$3.1 million to Foremost Farms to increase milk-processing capabilities at an Appleton facility; (b) \$200,000 to USEMCO of Tomah for development of anaerobic digesters for small farms; and (c) \$163,000 in energy efficiency upgrades at Maple Leaf Cheese Co-op in Monroe. DATCP also transferred \$300,000 in 2009-10 to the general fund under 2009 Act 28 agency lapse requirements.

Department of Corrections. Prior to 2010, the Department of Corrections (DOC) administered a computer recycling program under which inmates salvaged, repaired and upgraded donated computers. Repaired computers were either sold or donated to schools, state or local agencies, or private non-profits. Due to declining revenues, DOC suspended the program in 2010 to prevent a deficit. Since then, the appropriation solely supports recycling of DOC computers. In 2014-15, inmates at the John Burke Correctional Center in Waupun are employed in the program to clean, reformat, remanufacture, and test used computer and electronics equipment. In 2013-14, the Department expended \$91,600 SEG from the environmental management account. In 2014-15, the appropriation has base funding of \$255,500 SEG with 1.0 position to administer the program. The position is vacant, and DOC has no plans to fill it

in 2014-15, using existing staff to administer the program.

Department of Health Services. The Department of Health Services (DHS) is budgeted \$328,600 SEG in 2014-15 from the environmental management account to support 2.0 positions that conduct activities related to air and groundwater quality standards. DHS staff aid DNR in developing quality and enforcement standards, monitor health outcomes related to groundwater quality, and conduct outreach and educational activities on health risks posed by groundwater contamination.

Department of Military Affairs. The Department of Military Affairs utilizes \$7,600 annually from the environmental management account, in conjunction with general purpose revenue and federal Hazardous Materials (HazMat) Emergency Planning grant funding, to provide grants to Local Emergency Planning Committees for hazardous materials response equipment and to support state-conducted training sessions for local HazMat response teams. Local Emergency Planning Committees coordinate the efforts and resources of local HazMat response teams and prepare county-specific planning programs to improve hazardous materials response.

University of Wisconsin System Environmental Education. The Wisconsin Environmental Education Board (WEEB) provides grants to school districts, private schools, governmental units, and nonprofit corporations to enhance environmental, forestry, and school forest education programs within their institutions. WEEB is housed at UW-Stevens Point. Grants of up to \$20,000 are awarded for 18-month periods. All awards require a 25% local match. WEEB grants are funded by a 14% surcharge on environmental fines, monies transferred from the forestry account of the conservation fund, and private gifts and grants. In 2013-14, WEEB received \$200,000 from the conservation fund, \$114,500

from the surcharge, and \$14,100 in donations. WEEB awarded 41 grants totaling \$284,600 for the 2014-15 fiscal year, including 18 grants to school districts.

UW System Wisconsin Bioenergy Initiative. Under 2009 Act 28, the Legislature provided \$4,050,000 annually from the recycling fund to support the Wisconsin Bioenergy Initiative. Effective in 2011-12, the appropriation was transferred to the environmental management account. The majority of this funding, \$2,195,200, supports the research at the Wisconsin Bioenergy Initiative (WBI) which is a component of the UW Energy Institute located at UW-Madison. In 2013-14, those funds were used to support or partially support WBI staff, including the director and two associate director positions, and to acquire research equipment. An additional \$1,364,800 was allocated to various departments at UW-Madison. Those funds were primarily used to support research faculty positions in related fields including applied economics, biological systems engineering, agronomy, bacteriology, biochemistry, genetics, and geography.

In addition to the funding provided for UW-Madison, \$440,000 annually in WBI funding is allocated to UW-Stevens Point. This funding supports the following four positions: (a) the Director of the Wisconsin Institute for Sustainable Technology (WIST); (b) a faculty or academic staff position to support WIST and the College of Natural Resources; (c) a faculty position in the paper sciences department; and (d) a faculty position for the Wisconsin K-12 Energy Education Program (KEEP). WIST focuses on the identification and development of bio-based platform chemicals for the fuel and polymer industries as well as feedstock opportunities for waste and underutilized co-products.

Finally, \$50,000 of WBI funds is provided to UW-Green Bay's Institute for Entrepreneurship and Innovation. These funds are used to promote

an annual green innovations symposium and to support student research. In total, UW reports the funding supports 35.2 FTEs and associated costs.

UW-Extension Recycling Education. Created in 1989, the University of Wisconsin-Extension Solid and Hazardous Waste Education Center (SHWEC) provides educational and technical assistance programs in recycling and recycling market development. SHWEC currently has staff at UW-Madison, UW-Milwaukee, UW-Green Bay, and UW-Stevens Point. In 2013-14, \$388,200 SEG from the environmental management account was provided for SHWEC. The majority of these funds were used to fill 3.0 positions (of base funding for 4.0 positions), including two at UW-Madison and one at UW-Stevens Point. Additional SHWEC positions, including three at UW-Madison, one at UW-Milwaukee, and one at UW-Green Bay, were funded with GPR funds or a combination of GPR and federal grant money.

UW System Solid Waste Research. Since 1989, the UW Board of Regents has received funds through the state budget for research into alternative methods of solid waste management and to administer solid waste experiment centers. In 2013-14, the Regents received \$155,400 from the environmental management account for these purposes. These funds were used to fill a 0.5 program manager position (of 1.0 base funded position) and to provide Solid Waste Research Council research award funds. In that year, the Solid Waste Research Council, which is appointed by the Board of Regents, awarded 16 research grants totaling \$115,100 including 11 grants of up to \$4,500 each for student research projects.

Wisconsin Economic Development Corporation. Under 2011 Act 32, the brownfield site assessment grant program was transferred from

DNR to the Wisconsin Economic Development Corporation (WEDC), with an annual appropriation of \$1,000,000 from the environmental management account. WEDC may provide grants of up to \$150,000 per recipient to certain local governmental units that are or may be adversely impacted by environmental contamination. Grants may be used to conduct initial environmental assessments and for demolition activities on an eligible abandoned, idle or underutilized industrial or commercial site. A minimum match of 20% of the state grant amount is required. Funding is only available if the party that caused the contamination is unknown, cannot be located, or is financially unable to pay for the eligible activity. For more information about WEDC, see the Legislative Fiscal Bureau informational paper titled "Wisconsin Economic Development Corporation."

Wisconsin Housing and Economic Development Authority. The statutes contain an environmental management SEG appropriation to the Wisconsin Development Reserve Fund (WDRF). The WDRF, which WHEDA administers on behalf of the state, supports several WHEDA programs guaranteeing loans to farmers and small businesses. The WDRF compensates participating lenders in the event a guaranteed loan defaults. Most WDRF seed funding historically has been GPR, but segregated funds also have occasionally been appropriated for particular programs. The environmental management SEG appropriation was created from the former recycling fund for a program guaranteeing loans to persons making products from recycled materials or operating cloth diaper services. Recycling fund SEG was last transferred to the WDRF in 1991-92. WHEDA guaranteed seven loans for approximately \$2 million under the recycling loan guarantee program, but the program is no longer active.

APPENDIX

Environmental Management Account Appropriations 2011-12 Through 2014-15

Agency/Statutory Citation	Appropriation Name	2011-12 Expenditures	2012-13 Expenditures	2012-13 Positions	2013-14 Expenditures	2014-15 Base Funding	2014-15 Positions
Natural Resources (DNR)							
DNR Operations:							
(2)(mq)	Air and waste operations	\$3,216,095	\$3,013,012	32.50	\$3,579,020	\$3,710,800	33.50
(2)(mr)	Brownfields operations	291,940	282,748	3.00	295,836	301,000	3.00
(2)(hq)	*** Recycling administration	1,426,323	1,472,663	15.50	1,474,417	1,524,400	14.50
(2)(hr)	*** Electronic waste recycling administration	342,302	230,084	1.00	316,284	131,200	1.00
(3)(mq)	Enforcement and science operations	1,266,472	1,218,700	8.58	1,729,668	1,160,300	8.58
(3)(mr)	*** Recycling enforcement	225,272	232,220	2.40	273,400	277,100	2.40
(4)(mq)	Water operations	2,907,908	3,381,189	29.67	2,960,812	3,496,000	29.67
(8)(mv)	Administration and technology operations	1,238,351	1,118,808		1,290,132	1,307,700	0.43
(9)(mv)	Customer assistance and external relations operations	886,989	892,161	4.46	1,007,779	1,046,500	6.61
(9)(is)	*** State recycling grants administration	99,905	81,710	2.00	98,663	304,200	3.00
(8)(iw)	*** Statewide recycling administration	405,318	388,966	0.50	413,000	420,800	0.50
DNR Cleanup and Recycling Assistance:							
(6)(bu)	*** Recycling financial assistance for responsible units	18,999,976	18,999,981		18,999,991	19,000,000	
(6)(bw)	Recycling consolidation grants	1,000,000	1,000,000		1,000,000	1,000,000	
(2)(dv)	Environmental repair; spills; abandoned containers (state-funded cleanup)	\$1,140,799	\$1,219,663		\$1,511,883	\$2,292,700	
(6)(cr)	Well compensation grants	113,274	130,772		88,579	276,000	
(2)(du)	* Site specific remediation	3,438,650	2,444,842		1,108,559	1,000,000	
(4)(au)	* Cooperative remedial action; contributions	0	0		0	0	
(4)(av)	* Cooperative remedial action; interest on contributions	3,543	4,568		0	0	
(4)(ar)	Groundwater management	0	96,166		99,360	91,900	
(6)(ev)	*** PCB-contaminated sediment transport grants	0	0		0	0	
(6)(et)	Brownfield site assessment grants	404,352	244,710		129,990	repealed	
(2)(fq)	Indemnification agreements	0	0		0	0	
DNR Debt Service:							
(7)(bq)	** Remedial action	3,733,999	3,917,473		3,421,627	3,311,400	
(7)(br)	** Contaminated sediment cleanup	642,422	909,617		1,410,909	1,595,300	
(7)(er)	** Administrative facilities	518,879	591,165		665,795	696,000	
(7)(ct)	** Water pollution abatement	<u>3,801,861</u>	<u>8,000,000</u>	_____	<u>8,000,000</u>	<u>8,000,000</u>	_____
DNR Subtotal		\$46,104,631	\$49,871,218	100.00	\$49,875,704	\$50,943,300	103.19

Environmental Management Account Appropriations - (continued)

Agency/Statutory Citation	Appropriation Name	2011-12 Expenditures	2012-13 Expenditures	2012-13 Positions	2013-14 Expenditures	2014-15 Base Funding	2014-15 Positions
Agriculture, Trade and Consumer Protection							
(7)(va)	*** Clean sweep grants	\$671,325	\$797,530		\$844,061	\$750,000	
(1)(u)	*** Recyclable products regulation	0	0		0	0	
(4)(qm)	*** Grants for agricultural facilities	0	0		0	0	
Corrections							
(1)(qm)	*** Computer recycling	\$128,312	\$91,161	1.00	\$91,593	\$255,500	1.00
Health Services							
(1)(q)	Groundwater and air quality standards	315,900	315,895	2.00	318,182	328,600	2.00
Military Affairs							
(3)(t)	Emergency response training	96	15,104		495	7,600	
University of Wisconsin System							
(1)(r)	* Environmental education; environmental assessments	109,161	91,101		123,798	100,000	
(1)(s)	*** Wisconsin bioenergy initiative	3,487,600	4,475,338	21.09	4,176,140	4,069,100	35.20
(1)(tb)	*** Extension recycling education	388,198	388,200	4.00	388,200	394,100	4.00
(1)(tm)	*** Solid waste research and experiments	155,400	155,400	0.50	155,400	156,100	1.00
Wisconsin Economic Development Corporation							
(1)(s)	Brownfield site assessment grants	1,000,000	1,000,000		1,000,000	1,000,000	
Wisconsin Housing and Economic Development Authority							
(5)(q)	*** Transfer to development reserve fund	0	0		0	0	
Miscellaneous - Controller's Office							
NA	Payment of Cancelled Checks	<u>0</u>	<u>0</u>		<u>1,325</u>	<u>0</u>	
Subtotal Agencies Other than DNR		\$6,255,992	\$7,329,729		\$7,099,194	\$7,091,500	
Total All Agencies		\$52,360,622	\$57,200,948	128.20	\$56,974,898	\$58,034,800	146.39

* Appropriations are continuing and show the estimated revenue that would be available solely for the purposes of the appropriation, rather than the Chapter 20 appropriations schedule amount.

** Debt service appropriations are sum sufficient and show actual expenditures in 2011-12 through 2013-14, and estimated expenditures in 2014-15. The water pollution abatement debt service appropriation is sum certain, but expenditures were less than the appropriated \$8,000,000 in 2011-12 because of refinancing of the associated GPR appropriation.

*** Appropriation was funded from the segregated recycling fund prior to 2011-12, and is funded from the environmental management account as of 2011-12.