
Wisconsin Legislative Council

ACT MEMO



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2023 Wisconsin Act 107
[2023 Senate Bill 624]

**Establishing Proof of Financial
Responsibility for Municipal
Solid Waste Facilities**

BACKGROUND

Under current law, the owner or operator of a hazardous waste storage, treatment, or disposal facility must maintain proof of financial responsibility that ensures the availability of funds for closure and long-term care requirements and any required corrective action. For a business operated for profit and certain public utilities, the proof of financial responsibility requirement may be satisfied by either the standard method, through obtaining certain financial instruments, or by the net worth method, through proving the company is worth a certain amount and is financially sound. A municipality that owns or operates a solid waste facility may only use the standard method for proving financial responsibility.

2023 WISCONSIN ACT 107

2023 Wisconsin Act 107 allows a municipality owner or operator of a solid waste facility to establish financial responsibility through an alternative method. Under this alternative method, a municipality may satisfy the proof of financial responsibility requirement by meeting minimum financial requirements established in administrative rule by the Department of Natural Resources (DNR) and both of the following requirements:

- If the municipality has any outstanding, rated, general obligation bonds, none have been rated lower than “Baa” as issued by Moody’s Investors Services or “BBB” as issued by Standard & Poor’s Corporation.
- The municipality’s most recent audited annual financial statement shows a ratio of cash plus marketable securities to total expenditures of not less than 0.05, and a ratio of annual debt service to total expenditures of not greater than 0.20.

The act requires DNR to promulgate rules establishing these minimum financial requirements no later than the first day of the seventh month beginning after the act’s effective date. The rules must reflect the two requirements above and the requirements established in the local government financial test in the federal law relating to municipal solid waste landfills.

If DNR determines that a municipality does not meet these minimum financial requirements, the municipality is required to establish proof of financial responsibility using the standard method within 45 days of DNR’s determination. If more than one municipality owns or operates a solid waste facility, any of the municipalities may establish financial responsibility for itself and the other municipalities.

The act also allows DNR to pay costs associated with closure, long-term care requirements, and corrective action for a facility that has established proof of financial responsibility through either the alternative method or the net worth method. DNR may expend moneys for this purpose if the owner or

operator of the facility has failed to comply with closure, long-term care, or corrective action requirements, and any of the following apply:

- The owner or operator's failure to comply is due to bankruptcy, insolvency, or other inability to pay the costs.
- DNR determines that the failure to comply presents an imminent or substantial danger to human health or the environment.

In order to pay these costs, the act allows DNR to transfer money from the existing waste management fund to a new appropriation account dedicated to this purpose. The act requires that the Joint Committee on Finance (JCF) be notified of a transfer that does not exceed \$300,000, and any transfer that exceeds \$300,000 must be approved by JCF.

Effective date: March 16, 2024

For a full history of the bill, visit the Legislature's [bill history page](#).

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