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Environmental Management Account

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Environmental Management Account

Introduction

The segregated (SEG) environmental fund consists of the environmental management account and 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's informational papers entitled, "Contaminated Land Cleanup Programs" and "Recycling Financial Assistance Programs."

The nonpoint account supports programs primarily 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's 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. Environmental management account revenues include tipping fees related to recycling, and several other fees and revenues.

The environmental management account provides funding for: (a) recycling financial assistance to local governments; (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) certain environmental and recycling programs in DATCP, and the Departments of Health Services and Military Affairs; and (h) 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 2019-21 biennium, approximately 90% of revenues to the environmental management account (excluding certain site-specific revenue) are 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 totaling \$12.997 per ton are assessed 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.

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

residential, business, commercial, government facility, 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 1: State Solid Waste Tipping Fees Per Ton

| Fund, Fee | Type | Municipal and Non-High-Volume Industrial Waste ¹ | High-Volume Industrial Waste ² | PCB-Contaminated Sediment ³ |
|--|------|---|---|--|
| 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 |

¹ Municipal and non-high-volume industrial waste includes solid waste generated by residential, business, commercial, government facility, construction and demolition, and industrial uses that are not high-volume.

² High-volume industrial waste includes fly ash, bottom ash, paper mill sludge, and foundry process waste.

³ 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.

Note: 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.

Table 2: Tipping Fee Rate Changes - Municipal Solid Waste

| Time Period | Fee Rate |
|--|----------|
| <u>Recycling Fee</u> | |
| 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 |
| <u>Environmental Repair Fee</u> | |
| Prior to November 1, 2007 | \$0.50 |
| November 1, 2007 to June 30, 2009 | 0.85 |
| July 1, 2009 and thereafter | 2.50 |
| <u>Nonpoint Fee</u> | |
| 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 2019 were assessed tipping fees by DNR in May of 2020, and DNR received the fees primarily in the 2019-20 fiscal year, which ended on June 30, 2020. However, sometimes there is a time lag between billing and collections, and some tipping fees assessed in one fiscal year are received in the subsequent year.

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 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 Facility

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, unapproved (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 received 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. 2006 (not included in the table) was the highest disposal total of over 11.2 million tons and marked a record high. Table 3 reflects some variability in annual tonnages for certain categories, and such variability in waste categories may impact total annual tons subject to fees. From 2014 to 2019, an annual average of 8.5 million tons was disposed of in Wisconsin landfills.

Tipping Fee Collections

Table 4 shows total state tipping fee collections from fiscal years 2017-18 through 2019-20, by tipping fee category. Actual collections vary based on several factors. First, tons of waste disposed for each category will vary by year. Second, DNR regularly receives a portion of tipping fee revenues after the close of the fiscal year in which fees were assessed. DNR accounting for tipping fee revenues also changed with the implementation of a new state accounting system beginning in the 2015-16 fiscal year.

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

| Type of Waste | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------------|----------------|----------------|----------------|----------------|----------------|
| Municipal solid waste and construction and demolition waste | 4,346,568 | 4,330,987 | 4,398,048 | 4,552,062 | 4,653,562 | 4,840,082 |
| Other non-high-volume industrial waste | 601,772 | 686,108 | 561,747 | 729,480 | 748,322 | 711,445 |
| PCB-contaminated sediment ¹ | 342,970 | 336,724 | 359,861 | 346,945 | 354,287 | 292,042 |
| Unusable paper-making materials ¹ | 75,476 | 75,303 | 72,801 | 85,388 | 102,344 | 108,217 |
| Certain waste from nonprofits that operate recycling programs ¹ | <u>17,110</u> | <u>18,914</u> | <u>23,370</u> | <u>27,247</u> | <u>30,516</u> | <u>32,292</u> |
| Subtotal tons subject to nonpoint tipping fee | 5,383,896 | 5,448,036 | 5,415,827 | 5,741,122 | 5,889,031 | 5,984,078 |
| Percent change in tons subject to nonpoint tipping fees | 5.7% | 1.2% | -0.6% | 6.0% | 2.6% | 1.6% |
| High-volume industrial waste ² | 1,223,081 | 1,185,236 | 1,263,949 | 988,999 | 1,055,341 | 914,403 |
| Tons subject to state statutory tipping fees | 6,606,977 | 6,633,272 | 6,679,776 | 6,730,121 | 6,944,373 | 6,898,481 |
| Tons used for daily cover at landfills ³ | 1,557,816 | 1,462,313 | 1,737,719 | 1,552,983 | 1,662,854 | 1,674,860 |
| Certain waste generated from a natural disaster or for certain waste removal activities | 275 | 0 | 54 | 185 | 14,145 | 1,336 |
| Materials recovery facility residues | <u>0</u> | <u>124,378</u> | <u>161,345</u> | <u>173,047</u> | <u>172,431</u> | <u>123,839</u> |
| Subtotal tons exempt from all state statutory tipping fees ⁴ | 1,558,091 | 1,586,691 | 1,898,128 | 1,726,215 | 1,849,430 | 1,800,035 |
| Total waste landfilled in Wisconsin | 8,165,068 | 8,219,963 | 8,578,894 | 8,456,336 | 8,793,803 | 8,698,516 |
| Percent change in total tons landfilled in Wisconsin | 4.0% | 0.7% | 4.4% | -1.4% | 4.0% | -1.1% |
| Portion of landfilled tons from out-of-state | 347,253 | 328,413 | 354,510 | 384,802 | 363,348 | 429,795 |

¹ Subject to reduced rates for, or exemption from, other state tipping fees.

² Includes utility power plant ashes and sludges, pulp and paper mill waste, foundry manufacturing waste, and energy recovery incinerator ash.

³ Wastes used at landfills for daily cover, lining, capping, or constructing berms, dikes or roads.

⁴ DNR assesses the \$0.15 per ton landfill license surcharge under administrative code to materials recovery facility residues but not to the daily cover and natural disaster wastes.

Source: Compilation of annual reports submitted by landfills to DNR.

To reflect current accounting practice, Table 4 shows billed tipping fees by category for the environmental management and nonpoint accounts. Adjustments are included for: (a) amounts collected from prior fiscal years' assessments; and (b) amounts still owed from the total billed in that fiscal year. For example, DNR in 2019-20 billed \$75.4 million in tipping fees for the environmental management and nonpoint accounts. The Department collected a total of \$13.7 million in tipping fees attributable to amounts billed mostly in 2018-19, which is shown in Table 4 as additional prior

year collections. Further, \$16.6 million billed in 2019-20 remained outstanding. The net total, along with \$1.2 million collected for DNR and DOA solid waste PR appropriations, results in the 2019-20 actual collections of \$73.7 million.

In addition to the statutory tipping fee collections, biennial budget acts have required one-time transfers from the environmental management account to the nonpoint account. Most recently, 2017 Wisconsin Act 59 and 2017 Wisconsin Act 196 required that one-time transfers of \$3,652,500

be made in each of 2017-18 and 2018-19 from environmental repair tipping fees to the nonpoint account in the 2017-19 biennium. 2019 Wisconsin Act 9 instituted an ongoing transfer of \$6,150,000 each year beginning in 2019-20. These transfers are not included in Table 4.

Waste Subject to Reduced Tipping Fees

PCB-Contaminated Sediments. 2003 Wisconsin Act 33 exempted from the recycling tipping fee all sludge, 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 in 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 Wisconsin 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 2019, a total of 4,013,800 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 354,300 tons in 2018 and 292,000 tons in 2019.

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

Table 4: State Solid Waste Tipping Fee Revenue Collections

| Fee | 2017-18 | 2018-19 | 2019-20 |
|---|-------------------|-------------------|-------------------|
| Environmental Management Account (EMA) | | | |
| Recycling | \$37,421,100 | \$37,541,700 | \$40,524,100 |
| Environmental Repair | 14,264,600 | 14,282,800 | 14,722,800 |
| Groundwater | 684,700 | 692,400 | 692,600 |
| Well compensation | <u>273,900</u> | <u>274,400</u> | <u>277,000</u> |
| EMA Subtotal | \$52,644,300 | \$52,791,300 | \$56,216,500 |
| Additional prior year collections * | 9,848,200 | 6,872,200 | 6,212,300 |
| Billed amounts outstanding on June 30 * | <u>-6,872,200</u> | <u>-6,212,300</u> | <u>-7,507,500</u> |
| EMA adjusted Subtotal | \$55,620,300 | \$53,451,200 | \$54,921,300 |
| Nonpoint Account (NP) | \$18,744,600 | \$18,642,600 | \$19,227,200 |
| Additional prior year collections * | 11,554,700 | 8,377,500 | 7,528,800 |
| Billed amounts outstanding on June 30 * | <u>-8,377,500</u> | <u>-7,528,800</u> | <u>-9,116,600</u> |
| NP adjusted Subtotal | \$21,921,800 | \$19,491,300 | \$17,639,400 |
| DNR Solid waste landfill administration | \$1,045,300 | \$1,059,700 | \$1,119,100 |
| DOA Waste Facility Siting Board | <u>64,100</u> | <u>44,000</u> | <u>48,500</u> |
| Total | \$78,651,500 | \$74,046,700 | \$73,728,300 |

*Represents the net change in the outstanding amounts billed in a fiscal year and received in a subsequent fiscal year.

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 2019, a total of 868,800 tons was exempt from the recycling tipping fee under the provision, including 102,300 tons in 2018 and 108,200 tons in 2019.

Waste From Nonprofits With Recycling Programs. 1999 Act 9 exempted solid waste from the recycling tipping fee if it is disposed of by a non-profit 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. Exempt waste must not be commingled with waste 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 2019, a total of 196,100 tons were exempt from the recycling tipping fee under the provision, including 30,500 tons in 2018 and 32,300 tons in 2019.

Mining Waste. Ferrous (iron) 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 prospecting or mining wastes and nonferrous 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. No mining waste was disposed of in the state in recent years.

Waste Partially Exempt from State Statutory Tipping Fees

Materials Recovery Facility Waste Residue. 2013 Wisconsin Act 301 exempts certain residual nonrecyclable waste from qualified materials recovery facilities (MRFs) from all state tipping fees, effective with waste disposed of on or after January 1, 2015. DNR assesses this waste the \$0.15 per ton

landfill license surcharge under administrative code. The exemption is subject to the following caps: (a) for a construction and demolition MRF, 30% of the total weight of material accepted by the facility; and (b) for any other MRF, 10% of the total weight of material accepted by the facility.

A qualified materials recovery facility is defined as either: (a) a facility where the recyclable materials that are banned from landfills, such as aluminum or glass containers, newspaper, and cardboard, and that are not mixed with other solid waste, are processed for reuse or recycling, provided the operator of the MRF is self-certified under section NR 544.16 of the administrative code, 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.

In calendar years 2015 (the first year of the exemption) through 2019, a total of 754,000 tons were exempt from statutory tipping fees under the provision, including 172,400 tons in 2018 and 123,800 tons in 2019.

Waste Generator Bad Debt. 2013 Act 301 exempts certain waste generator bad debt from all state statutory tipping fees. DNR assesses this waste the \$0.15 landfill license surcharge under administrative code. 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 DNR receives the affidavit, the Department 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. No refund has ever been approved under the provision.

Waste Exempt from All State Tipping Fees

Landfill Daily Cover. Solid waste is exempt from all state statutory 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. In addition, DNR also exempts the waste from the \$0.15 per ton landfill license surcharge. Exempt material can include industrial waste, shredder fluff, treated contaminated soil, and other approved wastes used for daily cover. This included 1,662,900 tons in 2018 and 1,674,900 in 2019.

Waste from Natural Disasters. A provision in 2011 Act 32, effective July 1, 2011, exempted from all state statutory tipping fees certain waste generated from a severe natural or human-caused flood, or a severe tornado, heavy rain, or storm. In addition, DNR exempts the waste from the \$0.15 per ton landfill license surcharge. The statutes provide the exemption 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 municipality 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 2019, 7,300 tons were exempt from all state tipping fees under the provision, including 5,600 in 2018, and 800 in 2019.

Waiver from Fees for Certain Waste Removal Activities. Under 2013 Wisconsin Act 333, effective April 25, 2014, DNR is authorized 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. DNR has determined that it would also grant a waiver from the \$0.15 landfill license surcharge fee. 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. As of December 1, 2020, the exemption has not been used.

Other Account Revenues

In addition to the \$9.64 per ton state tipping fee, several other sources provide the remaining 10% of revenues deposited in the environmental management account in the 2019-21 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 2017-18 through 2019-20.

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 generated \$83.9 million in 2019-20. Petroleum inspection fee revenues are deposited in the segregated petroleum inspection fund. [For more information on the other uses of the petroleum inspection fund, see the Legislative Fiscal Bureau's informational paper entitled, "Petroleum Environmental Cleanup Fund Award (PECFA) Program."]

Pesticide and Fertilizer Fees. License fees are assessed annually on manufacturers and labelers of pesticides and collected by DATCP. Under 2017 Act 59, the pesticide and fertilizer fee

schedule was simplified by setting a uniform transfer of \$108 per pesticide product license, regardless of type, to the environmental management account and repealing the surcharge for non-household pesticide products used as wood preservatives.

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 of 10¢ per ton of fertilizer, with a minimum fee of \$1 for aggregate sales of 10 tons or less of each

Table 5: Environmental Fund Revenues for the Environmental Management Account, 2017-18 through 2019-20

| Revenue Source | 2017-18 | 2018-19 | 2019-20 |
|---|-------------------|-------------------|-------------------|
| Recycling Tipping Fee* | \$37,421,100 | \$37,541,700 | \$40,524,100 |
| Environmental Repair Tipping Fee * | 14,264,600 | 14,282,800 | 14,722,800 |
| Groundwater Tipping Fee * | 684,700 | 692,400 | 692,600 |
| Well Compensation Tipping Fee * | 273,900 | 274,400 | 277,000 |
| Transfer to Nonpoint Account | -3,652,500 | -3,652,500 | -6,150,000 |
| Petroleum Inspection Fund | 1,704,800 | 1,704,800 | 1,704,800 |
| Pesticide and Fertilizer Fees | 1,574,000 | 1,633,200 | 1,600,500 |
| Hazardous Waste Generator Fee | 1,093,000 | 1,020,600 | 898,400 |
| Site-Specific (Fox River) Remediation | 5,700 | -2,718,700 | 1,917,600 |
| Sanitary Permit Groundwater Fee | 312,400 | 306,400 | 299,700 |
| Hazardous Spill Reimbursement | 19,800 | 206,600 | 63,200 |
| Electronics Recycling Fees | 379,500 | 350,100 | 371,600 |
| Nonmetallic Mining Fee | 214,100 | 219,400 | 215,500 |
| Environmental Assessment | 81,700 | 113,200 | 44,500 |
| Land Disposal Permit | 58,000 | 55,700 | 55,400 |
| Civil Action Damages | 5,000 | 0 | 600 |
| Bulk Tank Surcharge | 76,600 | 86,800 | 95,900 |
| Septic System Servicing Fee | 2,900 | 37,800 | 3,300 |
| Environmental Repair Base Fee and Surcharge | 2,000 | 2,600 | 2,300 |
| Investment Income | 280,300 | 787,100 | 345,900 |
| Miscellaneous Revenue | 53,700 | 2,387,600 | 10,900 |
| Additional Prior Year Collections * | 9,848,200 | 6,872,200 | 6,212,300 |
| Billed Amounts Outstanding on June 30 * | <u>-6,872,200</u> | <u>-6,212,300</u> | <u>-7,507,500</u> |
| Total | \$57,831,300 | \$55,991,900 | \$56,401,400 |

*Tipping fee revenues reflect amounts billed, with adjustments shown for previously billed amounts collected and current billings not received by the close of the fiscal year.

product type. Fees are deposited in the environmental management account.

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 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 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 and pay annual registration fees based on the number of covered electronic devices sold in the state in the previous program year. The fees include: (a) \$0, if fewer 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 if it does not meet its recycling target, that is, it recycles fewer electronic devices than it sells. 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 Fee. 71 counties were required to enact and administer a nonmetallic (generally sand and gravel) mining reclamation ordi-

nance for closure and restoration of the mine site. Milwaukee County is not required to adopt an ordinance because all municipalities within the county with sand or gravel 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 code, 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 20% of the fine or forfeiture for violations that occurred on or after July 1, 2009 (10% before that date). Prior to July 1, 2015, 70% of the 20% assessments were deposited in the University of Wisconsin System's environmental education appropriation within the environmental management account, and were used to fund environmental education grants. Under 2015 Wisconsin Act 55, the transfer of environmental surcharge revenues to the UW appropriation was repealed as of July 1, 2015. Currently, environmental assessment revenues are available for any of the appropriations in 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 between DNR and the payer 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. No revenues were received from this source in 2014-15 through 2019-20.

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

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 2017-18 through 2020-21. The table shows actual revenues and expenditures for 2017-18 through 2019-20 and estimated revenues and expenditures for 2020-21. In 2019-20, revenues totaled \$56.4

million and expenditures totaled \$52.0 million. In 2020-21, revenues are expected to total approximately \$54.3 million, with \$49.8 million in anticipated expenditures. A total of 105.45 positions are authorized in 2020-21, including 103.45 in at DNR and 2.0 in the Department of Health Services.

Based on authorized expenditures, Table 6 indicates the June 30, 2021, unencumbered balance would be approximately \$24.1 million.

Expenditures

This section describes the uses of the appropriations from the environmental management account. Approximately 41% of 2020-21 anticipated expenditures are for municipal and county recycling grants, 20% for debt service payments for general obligation bonds, and 30% for DNR administration of environmental and recycling programs. The remaining 9% of budgeted expenditures are used for contaminated land cleanup and programs funded in other state agencies. These percentages exclude the amounts anticipated to be spent on site-specific remediation or estimated expenditures of prior-year encumbrances.

The Appendix shows all appropriations from the environmental management account. For every appropriation, the Appendix shows the statutory Chapter 20 reference, actual expenditures for 2017-18, 2018-19, and 2019-20, the authorized funding amount for 2020-21 (estimated amount for debt service appropriations), and the authorized number of positions in 2020-21.

DNR Operations

Environmental Management Division Operations. In the 2017 departmental reorganization, the Air, Waste, and Remediation and Redevelopment Division and portions of the Water Division were

Table 6: Environmental Management Account Condition

| | 2017-18 Actual | 2018-19 Actual | 2019-20 Actual | 2020-21 Estimated | 2020-21 Staff |
|---|-------------------|-------------------|-------------------|----------------------|------------------|
| Opening Balance -- July 1 | \$13,460,900 | \$21,870,000 | \$24,656,500 | \$29,044,700 | |
| Revenues | | | | | |
| Solid Waste Tipping Fees - Recycling ⁽¹⁾ | \$37,421,100 | \$37,541,700 | \$40,524,100 | \$39,200,000 | |
| Solid Waste Tipping Fees - Environmental ⁽¹⁾ | 15,223,200 | 15,249,600 | 15,692,400 | 15,151,200 | |
| Transfer to Nonpoint Account | -3,652,500 | -3,652,500 | -6,150,000 | -6,150,000 | |
| Transfer from Petroleum Inspection Fund | 1,704,800 | 1,704,800 | 1,704,800 | 1,704,800 | |
| Pesticide and Fertilizer Fees | 1,574,000 | 1,633,200 | 1,600,500 | 1,580,000 | |
| Hazardous Waste Generator Fees | 1,093,000 | 1,020,600 | 898,400 | 900,000 | |
| Site-Specific Remediation | 5,700 | -2,718,700 | 1,917,600 | 100,000 | |
| Other Fees and Income | 1,486,000 | 4,553,300 | 1,508,800 | 1,168,000 | |
| Additional Prior Year Collections ⁽¹⁾ | 9,848,200 | 6,872,200 | 6,212,300 | 7,507,500 | |
| Billed Amounts Outstanding on June 30 ⁽¹⁾ | <u>-6,872,200</u> | <u>-6,212,300</u> | <u>-7,507,500</u> | <u>-6,818,000</u> | |
| Total Revenue | \$57,831,300 | \$55,991,900 | \$56,401,400 | \$54,343,500 | |
| Total Revenue Available | \$71,292,200 | \$77,861,900 | \$81,057,900 | \$83,388,200 | |
| Expenditures | | | | | |
| DNR Recycling Grants to Local Governments | \$20,000,000 | \$20,000,000 | \$20,000,000 | \$20,000,000 | |
| DNR Programs and Operations | 12,497,100 | 13,740,800 | 15,225,900 | 14,670,000 | 103.45 |
| DNR Cleanup or Well Grants | 1,565,000 | 1,704,100 | 2,224,500 | 2,492,700 | |
| DNR Site-Specific Remediation | 2,322,000 | 2,952,300 | 2,520,100 | 400,000 | |
| Debt Service for General Obligation Bonds | 10,567,200 | 12,741,100 | 10,048,500 | 9,589,000 | |
| WEDC Brownfields Grants | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | |
| Other Agencies ⁽²⁾ | 1,470,900 | 1,067,100 | 994,200 | 1,095,500 | 2.00 |
| Expenditure of Prior Year Encumbrances | <u>0</u> | <u>0</u> | <u>0</u> | <u>900,000</u> | |
| Total Expenditures | \$49,422,200 | \$53,205,400 | \$52,013,200 | \$50,147,200 | 105.45 |
| Cash Balance | | | | | |
| | \$21,870,000 | \$24,656,500 | \$29,044,700 | \$33,241,000 | |
| Encumbrances, Continuing Balances ⁽³⁾ | -\$15,582,100 | -\$10,303,200 | -\$10,537,500 | -\$9,131,400 | |
| Closing Available Balance -- June 30 | \$6,287,900 | \$14,353,300 | \$18,507,200 | \$24,109,600 | |

⁽¹⁾ Tipping fee revenues reflect amounts billed, with adjustments shown for previously billed amounts collected and current billings not received by the close of the fiscal year.

⁽²⁾ Includes Department of Agriculture, Trade and Consumer Protection clean sweep, Department of Health Services groundwater and air quality standards, and Department of Military Affairs emergency response training.

⁽³⁾ In 2019-20, includes \$7.5 million for DNR state-funded cleanup, \$0.75 million for DATCP clean sweep grants, \$0.8 million for DNR well compensation, \$0.5 million for electronics recycling, \$0.2 million for a hydrologic study, and \$0.75 million for other programs.

reorganized into the new Environmental Management Division. The environmental management account operations appropriations fund 65.57 administrative positions in the Environmental Management Division. This includes a larger Division operations appropriation with 62.57 positions and a smaller brownfields operations appropriation with 3.0 positions. 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 from other sources, including general purpose revenues (GPR), federal grants, program revenues (PR), the segregated (SEG) petroleum inspection fund, and the segregated dry cleaner environmental response fund.

In the Remediation and Redevelopment program, the operations appropriations fund 21.5 positions that administer contaminated land cleanup programs, state statutes and regulations related to hazardous substances cleanup, state-funded cleanup activities, contaminated sediment removal projects, outreach to persons who are required to cleanup contamination, technical assistance, and outreach.

In the Waste and Materials Management program, the appropriation funds 11.0 positions that administer management and proper disposal of solid and hazardous waste.

In the Air Management program, the appropriation funds 1.0 position to monitor industrial sand mining activities.

In the Drinking Water and Groundwater program, the appropriation funds 20.54 positions 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. Additionally, the appropriation funds 11.53 positions in the Water Quality program to manage activities

such as wastewater permit issuance, water quality monitoring, and Great Lakes issues.

It should be noted that 2019 Act 9 authorized an additional 1.0 hydrogeologist in the Drinking Water and Groundwater program and 1.0 research scientist in the Water Quality program, each of which are assigned to issues regarding per- and polyfluoroalkyl substances, or PFAS. PFAS have been used in firefighting foams and various consumer products such as nonstick cookware. The substances do not break down easily in the environment, and they are thought to be harmful to humans and wildlife. The PFAS-related positions will be part of DNR responses to PFAS contamination, including evaluating groundwater and drinking water standards in development. Positions in the Remediation and Redevelopment program also carry out responsibilities related to ongoing cleanup of PFAS contamination at various sites in Wisconsin.

Recycling Operations. A separate environmental management account appropriation funds 13.5 positions in the Environmental Management 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 monies received from electronics recycling revenues, and only on electronics recycling.

Law Enforcement Operations. The account funds 12.48 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 investigating environmental violations. 2019 Act 9 also provided one-time funding of \$287,500 in 2019-20 for the environmental fund's share of the cost of acquiring new radios for wardens.

Internal Services Division Operations. The account funds 1.18 positions in department administrative functions, including in finance, customer service and licensing, communication and education, community financial assistance, and program management.

External Services Division Operations. The account funds 8.22 positions in department administrative functions, including: (a) 4.0 positions in the Bureau of Environmental Analysis and Sustainability; (b) 0.84 position in the Office of Communications; (c) 1.69 positions in Community Financial Assistance; and (d) 1.69 positions in Customer Service.

Recycling Administration and Recycling Grants Administration. The account has two department-wide recycling administrative appropriations. It funds 1.0 position responsible for recycling grants administration in the External Services Division's Bureau of Community Financial Assistance. The account also funds 0.5 position in the Internal Services Division for accounting, purchasing, and other financial management recycling-related activities.

DNR Cleanup and Recycling Assistance

Municipal and County Recycling Grants. The municipal and county recycling grant program provides financial assistance to local governments for a portion of the costs to operate an eligible effective recycling program. It is the largest use of

the environmental management account. It was appropriated \$19 million annually in each of 2019-20 and 2020-21.

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 governments 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 \$11,922,700 available for expenditures in the 2020-21 biennium. This included expenditure authority of \$2,292,700 in each of 2019-20 and 2020-21, encumbrances at the beginning of 2019-20 totaling \$791,200 and an unencumbered carry-in balance of \$6,546,100. Expenditures from the appropriation totaled \$1,597,300 in 2018-19 and \$2,079,800 in 2019-20.

The appropriation is used for DNR expenditures related to: (a) DNR-led 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) provision of temporary emergency water supplies; (g) replacement of contaminated wells if the household meets certain income and eligibility criteria; (h) DNR-led remedial actions at abandoned privately-owned landfills; (i) DNR-led cleanups resulting from responsible party payment of court settlements; and (j) limited-term employee costs related to DNR-led 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 eligibility 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 or livestock fecal bacteria.

Grant recipients must have family income that does not exceed \$65,000. The grant is 75% of eligible costs, with eligible costs not to exceed \$16,000 (\$12,000 prior to enactment of 2017 Wisconsin Act 69, effective November 29, 2017). This is equal to a maximum grant of \$12,000 (\$9,000 prior to enactment of 2017 Act 69). Grant recipients must pay a \$250 copayment, unless the grant is for well abandonment.

The appropriation had \$1,146,700 available during the 2019-21 biennium for expenditures, including \$200,000 in 2019-20 and \$200,000 in 2020-21, and an unencumbered carry-in balance of \$746,700. In 2018-19, DNR awarded six well compensation grants totaling \$53,400, and 52 well abandonment grants totaling \$57,000. In 2019-20, DNR awarded nine well compensation grants totaling \$151,500, and 46 well abandonment grants totaling \$43,700. Some grants may be spent in the subsequent fiscal year or final expenses may be less than the initial award. Expenditures from the appropriation were \$106,800 in 2018-19 and \$144,700 in 2019-20.

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 spend revenues received from voluntary contributions from parties who are working

on a cooperative remediation project with DNR, and can only be spent for the activities agreed on by DNR and the person providing the funds.

Groundwater Management. A biennial appropriation funds groundwater monitoring and research projects identified and selected through efforts of the Groundwater Coordinating Council. The Council is a statutorily mandated body that coordinates efforts of DNR and several other state agencies related to regulation and management of groundwater. The projects funded by the appropriation provide information to further groundwater management in the state.

Hydrologic Evaluation and Modeling. Under 2017 Act 59, \$400,000 was appropriated in 2017-18, in a continuing appropriation, to evaluate and model the hydrology of Pleasant Lake in Waushara County, Plainfield Lake and Long Lake in a designated study area of Adams, Portage, Waushara and Wood Counties, and other navigable streams or navigable lakes in the area. Under 2017 Wisconsin Act 10, DNR is to determine whether existing and potential groundwater withdrawals in the designated area are causing or are likely to cause a significant reduction of the rate of flow or water level below its average seasonal levels.

As required, DNR began the study in the spring of 2018. The Department was authorized an additional \$487,300 in 2019-20 for additional data collection, monitoring, and analyses for a final report to be submitted to the Legislature within three years after beginning the study. The Department anticipates submitting the report in the spring of 2021.

Indemnification Agreements. Under 1999 Act 9, DNR is authorized to enter into an agreement with a municipality to 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 account 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 2010-11 through 2019-20 and the estimated amounts for 2020-21. Descriptions of the uses of the general obligation bonds follow.

Contaminated Land and Sediment Cleanup. An environmental management account appropriation pays debt service for general obligation bonds issued for remedial action of contaminated land 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 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, or 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 \$46.6 million of the available \$50 million in remediation bonding authority as of June 30, 2020. DNR expects to have encumbered \$49.5 million by June 30, 2022. 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 a sum-sufficient appropriation, meaning the amounts budgeted are estimates, but the appropriation pays whatever the actual bond repayment costs are. In 2019-20, general obligation bond debt service for contaminated land and sediment cleanup was \$2.5 million SEG.

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 |
|----------|--------------------------------|-------------------------|---------------------------|---------------------------|--------------|
| 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 | 3,098,000 | 1,370,100 | 660,800 | 8,000,000 | 13,128,900 |
| 2015-16 | 3,130,900 | 1,593,600 | 680,300 | 12,900,700 | 18,305,500 |
| 2016-17 | 3,047,900 | 1,807,900 | 662,500 | 7,512,100 | 13,030,400 |
| 2017-18 | 2,675,000 | 1,418,300 | 680,300 | 5,793,600 | 10,567,200 |
| 2018-19 | 2,628,500 | 1,841,200 | 706,000 | 7,565,400 | 12,741,100 |
| 2019-20 | 2,540,500 | 1,536,200 | 599,600 | 5,372,200 | 10,048,500 |
| 2020-21* | 2,094,400 | 2,243,100 | 950,900 | 4,300,600 | 9,589,000 |

*Estimated.

Great Lakes Harbor Contaminated Sediment Cleanup. 2007 Wisconsin 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 \$36 million in general obligation bonding authority, including \$4 million provided under 2019 Act 9.

As of September 30, 2020, DNR had expended or encumbered \$27.9 million of the available \$36 million. The funding used under this provision included: (a) \$13.1 million to clean up PCB-contaminated sediment in the Estabrook Park impoundment on the Milwaukee River north of the Estabrook Dam from 2010 through 2015; (b) \$7.6 million to clean up contaminated sediment in the Kinnickinnic River in Milwaukee; (c) \$3.3 million for Sheboygan harbor cleanup projects from 2012 through 2014; (d) \$1.5 million for a Marinette harbor arsenic cleanup project from 2014 through 2015; (e) \$0.6 million for Howards Bay in the St. Louis River (Douglas County); (f) \$0.5 million for Portage Canal cleanup in 2016; and (g) \$0.5 million for the Milwaukee River Area of Concern in 2020. After accounting for encumbered amounts of \$0.7 million, there is \$8.1 million in remaining bonding in the program, which DNR plans to commit toward more than \$30 million in potential costs at projects in Milwaukee and Superior.

In 2019-20, expenditures of \$1.5 million SEG for general obligation bond debt service were reported for contaminated Great Lakes harbor sediment cleanup.

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 (84.38%)

and the nonpoint account (15.62%) in the 2019-21 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. In 2019-20, expenditures from the environmental management account for this purpose were \$599,600. Separate appropriations from the general fund and the segregated conservation fund also pay DNR 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.

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

Under 2015 Wisconsin Act 55, beginning in 2015-16, the SEG appropriation was converted to a sum-sufficient, and the additional debt service expenditures were shifted from GPR to SEG. In 2019-20, expenditures of \$5,372,200 were reported for debt service for the appropriation.

Other State Agencies

DATCP Clean Sweep Grants. The Department of Agriculture, Trade and Consumer Protection (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 2019-21 biennium is \$750,000 SEG annually from the environmental management account. For more information, see the Legislative Fiscal Bureau's informational paper entitled, "Recycling Financial Assistance Programs."

Department of Health Services. The Department of Health Services (DHS) is budgeted \$337,900 SEG in 2020-21 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, monitoring health outcomes related to groundwater quality, and conducting 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 GPR 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.

Wisconsin Economic Development Corporation. The Wisconsin Economic Development Corporation (WEDC) is appropriated \$1,000,000 annually from the environmental management account for brownfield site assessment grants. WEDC may provide grants to certain local governmental units to conduct initial environmental assessments of potential environmental contamination and for demolition activities on an eligible abandoned, idle or underutilized industrial or commercial site. For more information about WEDC and the program, see the Legislative Fiscal Bureau's informational paper entitled, "Wisconsin Economic Development Corporation."

Inactive and Recently Repealed Appropriations

Previous appropriations from the environmental management account have been repealed, or they remain in the statutes but are inactive and have not been used for several years. Additional information about these appropriations is available in previous versions of the Legislative Fiscal Bureau's Informational Paper entitled, "Environmental Management Account."

APPENDIX

Environmental Management Account Appropriations 2017-18 Through 2020-21

| Agency/Statutory Citation | Appropriation Name | 2017-18 Expenditures | 2018-19 Expenditures | 2019-20 Expenditures | 2020-21 Funding | 2020-21 Positions |
|---------------------------------------|--|-------------------------|-------------------------|-------------------------|--------------------|----------------------|
| Natural Resources (DNR) | | | | | | |
| DNR Operations: | | | | | | |
| (4)(mq) | Environmental management operations | \$5,833,197 | \$5,997,582 | \$7,392,000 | \$7,233,000 | 62.57 |
| (4)(mv) | Brownfields operations | 188,753 | 291,300 | 334,600 | 334,600 | 3.00 |
| (4)(hq) | Recycling administration | 826,004 | 1,471,800 | 1,207,390 | 1,547,100 | 13.50 |
| (4)(hr) * | Electronic waste recycling administration | 276,476 | 201,541 | 507,785 | 149,600 | 1.00 |
| (3)(mq) | Enforcement operations | 1,840,700 | 1,784,400 | 1,784,400 | 1,784,400 | 12.48 |
| (8)(mv) | Administration and technology operations | 2,035,925 | 2,058,465 | 1,956,350 | 1,976,500 | 1.18 |
| (9)(mv) | Customer assistance and external relations operations | 886,000 | 886,017 | 951,216 | 951,200 | 8.22 |
| (9)(is) | State recycling grants administration | 48,501 | 50,877 | 47,670 | 135,000 | 1.00 |
| (8)(iw) | Statewide recycling administration | 447,100 | 456,600 | 457,900 | 466,500 | 0.50 |
| (3)(cq) | Law enforcement radios | 0 | 0 | 207,298 | 0 | 0.00 |
| DNR Cleanup and Recycling Assistance: | | | | | | |
| (6)(bu) | Recycling financial assistance for responsible units | \$18,999,995 | \$18,999,995 | \$18,999,995 | \$19,000,000 | 0.00 |
| (6)(bw) | Recycling consolidation grants | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 0.00 |
| (4)(dv) | Environmental repair; spills; abandoned containers (state-funded cleanup) | 1,441,742 | 1,597,310 | 2,079,824 | 2,292,700 | 0.00 |
| (6)(cr) | Well compensation grants | 123,288 | 106,785 | 144,714 | 200,000 | 0.00 |
| (4)(du) * | Site-specific remediation | 2,321,963 | 2,952,341 | 2,520,143 | 400,000 | 0.00 |
| (4)(au) * | Cooperative remedial action; contributions | 0 | 0 | 0 | 0 | 0.00 |
| (4)(av) * | Cooperative remedial action; interest on contributions | 0 | 0 | 0 | 0 | 0.00 |
| (4)(ar) | Groundwater management | 64,484 | 99,629 | 53,027 | 91,900 | 0.00 |
| (4)(cr) | Hydrologic evaluation and modeling | 50,000 | 342,562 | 326,158 | 0 | 0.00 |
| (6)(gs) | Village of Plover grant | 0 | 99,998 | 0 | 0 | 0.00 |
| (4)(fq) | Indemnification agreements | 0 | 0 | 0 | 0 | 0.00 |
| DNR Debt Service: | | | | | | |
| (7)(bq) ** | Remedial action | \$2,674,997 | \$2,628,513 | \$2,540,521 | \$2,094,400 | 0.00 |
| (7)(br) ** | Contaminated sediment cleanup | 1,418,275 | 1,841,192 | 1,536,190 | 2,243,100 | 0.00 |
| (7)(er) ** | Administrative facilities | 680,279 | 706,004 | 599,636 | 950,900 | 0.00 |
| (7)(ct) ** | Water pollution abatement | <u>5,793,611</u> | <u>7,565,407</u> | <u>5,372,159</u> | <u>4,300,600</u> | <u>0.00</u> |
| DNR Subtotal | | \$46,951,290 | \$51,138,319 | \$50,018,976 | \$47,151,500 | 103.45 |

Environmental Management Account Appropriations (continued)

| Agency/Statutory Citation | Appropriation Name | 2017-18 Expenditures | 2018-19 Expenditures | 2019-20 Expenditures | 2020-21 Funding | 2020-21 Positions |
|---|--|-------------------------|-------------------------|-------------------------|--------------------|----------------------|
| Agriculture, Trade and Consumer Protection | | | | | | |
| (7)(va) | Clean sweep grants | \$728,986 | \$744,487 | \$724,914 | \$750,000 | |
| Health Services | | | | | | |
| (1)(q) | Groundwater and air quality standards | 301,865 | 307,100 | 269,292 | 337,900 | 2.00 |
| Military Affairs | | | | | | |
| (3)(t) | Emergency response training | 28 | 15,169 | 10 | 7,600 | |
| University of Wisconsin System | | | | | | |
| (1)(sp) | Wisconsin institute for sustainable technology | 440,000 | 0 | 0 | 0 | |
| Wisconsin Economic Development Corporation | | | | | | |
| (1)(s) | Brownfield site assessment grants | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | |
| Miscellaneous - Controller's Office | | | | | | |
| NA | Payment of Cancelled Checks | <u>0</u> | <u>321</u> | <u>0</u> | <u>0</u> | |
| Subtotal Agencies Other than DNR | | \$2,470,879 | \$2,067,077 | \$1,994,216 | \$2,095,500 | 2.00 |
| Total All Agencies | | \$49,422,169 | \$53,205,395 | \$52,013,192 | \$49,247,000 | 105.45 |

* Appropriations are continuing, and mostly show the Chapter 20 appropriations schedule amount. (Amount for site-specific remediation show 2019-20 year-end encumbrances.) Expenditures may vary based on available balances.

** Debt service appropriations are sum-sufficient and show actual expenditures in 2017-18 through 2019-20, and estimated expenditures in 2020-21.