

Fiscal Estimate — 2009 Session

- Original Updated
 Corrected Supplemental

LRB Number	Amendment Number if Applicable
Bill Number	Administrative Rule Number NR 502.12

Subject
 Regulation of Composting Facilities and Compost Quality Standards

Fiscal Effect

- State: No State Fiscal Effect
 Indeterminate

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

- Increase Costs — May be possible to absorb within agency's budget.
 Yes No

- Decrease Costs

Local: No Local Government Costs

- Indeterminate

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Chapter 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

The proposed rule revisions would:

- (1) make it easier to compost food scraps and certain other compostable materials without having to obtain a solid waste processing license from the Department, and
- (2) provide voluntary standards for compost producers to use if they wish to make and market a higher quality compost from source-separated compostable materials.

STATE REVENUES: One of the goals of the rule revisions is to promote more diversion of compostable food, paper and other materials from landfills. This would have a negative impact on revenues from state solid waste tonnage fes. Current fees total \$13/ton. A recent study of the amount of food material disposed of in landfills concluded that in 2009, some 456,000 tons of food scraps were landfilled. If the new rules resulted in the diversion of five percent of this material to composting by year 3 of the new rule, the result would be a revenue decrease of 22,800 tons x \$13/ton = \$296,000. Five percent reflects our belief that the proposed rule could have a noticeable impact on food diversion, but is unlikely to have a major impact without other factors being addressed such as the difficulty of organized collection of residential food and a significant increase in the demand for compost. Composting volumes are also driven by business decisions by individual compost facility operators and generators of compostable material such as institutions, restaurants and grocery stores. An additional future factor will be the choice between composting and anaerobic digestion for the processing of food scraps. Therefore, we believe five percent is an achievable reduction in landfill tonnage to project as a direct result of these proposed rule changes.

The Department does not charge review fees for compost facilities, and this would not change under the proposed rules, so no changes in program revenues are expected.

STATE COSTS: We do not anticipate significant changes in staff workload as a result of the proposed rules.

Long-Range Fiscal Implications

We anticipate that demand for organic materials, and interest by generators in diverting organics from landfills, will continue to increase in the long run with or without the proposed rule changes. Therefore the marginal fiscal impact of this rule would be minimal.

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Page 2 Assumptions Narrative Continued

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Assumptions Used in Arriving at Fiscal Estimate – Continued

LOCAL GOVERNMENT EFFECTS: The proposed rule includes a minimal amount of required annual reporting on a DNR form for certain compost facility operators. Some local governments operate compost facilities, particularly for yard residuals collected from residents. The reporting is estimated to require one hour per year. Assuming there are approximately 150 local government compost facilities, @\$50/hour, we estimate aggregate local government costs totaling \$7,500 per year statewide for reporting. However, the ability of local government compost facilities to accept food residuals from local generators such as schools, university campuses, hospitals, institutions and local businesses would likely offset these costs in the aggregate, through fees and reduced waste hauling costs. It should be noted that many local government compost operators may not choose to accept additional materials beyond the yard residuals they already accept.

Some local governments may opt to produce Class A compost as defined and authorized under the proposed rule revisions. This option will require periodic testing of compost product. We estimate no more than 10 local governments will choose to produce Class A compost. Testing costs would total \$150/test x 4 tests/year x 10 producers = \$6,000. However, these costs should be more than offset by increased revenues to the compost producers because Class A compost will demand a higher price in the marketplace.

Fiscal Estimate Worksheet — 2009 Session
 Detailed Estimate of Annual Fiscal Effect

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One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
 None

Annualized Costs:		Annualized Fiscal Impact on State Funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations — Salaries and Fringes		\$	\$ -
(FTE Position Changes)		(FTE)	(- FTE)
State Operations — Other Costs			-
Local Assistance			-
Aids to Individuals or Organizations			-
Total State Costs by Category		\$	\$ -
B. State Costs by Source of Funds		Increased Costs	Decreased Costs
GPR		\$	\$ -
FED			-
PRO/PRS			-
SEG/SEG-S			-
State Revenues	Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Revenue	Decreased Revenue
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			- 296,400
Total State Revenues		\$	\$ - 296,400

Net Annualized Fiscal Impact

	<u>State</u>	<u>Local</u>
Net Change in Costs	\$ _____	\$ _____
Net Change in Revenues	\$ -296,400	\$ _____

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