

ADMINISTRATIVE RULES

Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected	2. Date 9/8/2023 - DRAFT								
3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) <ul style="list-style-type: none">NR 500 – General Solid Waste Management RequirementsNR 502 – Solid Waste Storage, Transportation, Transfer, Incineration, Air Curtain Destructors, Processing, Wood Burning, Composting And Municipal Solid Waste CombustorsNR 542 – Recycling Grants To Responsible UnitsNR 544 – Effective Recycling Programs									
4. Subject Statewide materials recycling and effective recycling programs Board Order WA-13-21									
5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	6. Chapter 20, Stats. Appropriations Affected N/A								
7. Fiscal Effect of Implementing the Rule <table style="width: 100%;"><tr><td><input checked="" type="checkbox"/> No Fiscal Effect</td><td><input type="checkbox"/> Increase Existing Revenues</td><td><input type="checkbox"/> Increase Costs</td><td><input type="checkbox"/> Decrease Costs</td></tr><tr><td><input type="checkbox"/> Indeterminate</td><td><input type="checkbox"/> Decrease Existing Revenues</td><td colspan="2"><input type="checkbox"/> Could Absorb Within Agency's Budget</td></tr></table>		<input checked="" type="checkbox"/> No Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs	<input type="checkbox"/> Decrease Costs	<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Could Absorb Within Agency's Budget	
<input checked="" type="checkbox"/> No Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs	<input type="checkbox"/> Decrease Costs						
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Could Absorb Within Agency's Budget							
8. The Rule Will Impact the Following (Check All That Apply) <table style="width: 100%;"><tr><td><input type="checkbox"/> State's Economy</td><td><input checked="" type="checkbox"/> Specific Businesses/Sectors</td></tr><tr><td><input checked="" type="checkbox"/> Local Government Units</td><td><input type="checkbox"/> Public Utility Rate Payers</td></tr><tr><td colspan="2"><input checked="" type="checkbox"/> Small Businesses (if checked, complete Attachment A)</td></tr></table>		<input type="checkbox"/> State's Economy	<input checked="" type="checkbox"/> Specific Businesses/Sectors	<input checked="" type="checkbox"/> Local Government Units	<input type="checkbox"/> Public Utility Rate Payers	<input checked="" type="checkbox"/> Small Businesses (if checked, complete Attachment A)			
<input type="checkbox"/> State's Economy	<input checked="" type="checkbox"/> Specific Businesses/Sectors								
<input checked="" type="checkbox"/> Local Government Units	<input type="checkbox"/> Public Utility Rate Payers								
<input checked="" type="checkbox"/> Small Businesses (if checked, complete Attachment A)									

9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1).

The estimated total implementation and compliance cost of this proposed rule is \$178,920 split among multiple entities.

One-time costs total \$31,200 for the following:

- \$4,200 for materials recovery facility staff time to update submittals and to develop operational contingency plans among 42 private and public facilities. Approximate staffing cost per facility is \$100.
- \$27,000 split among approximately 1,080 recycling responsible units to make updates to local ordinances using templates provided by the department. Approximate responsible unit staffing cost per responsible unit is \$25.

Annual/recurring costs total \$147,720 for the following:

- \$90,000 for 18 materials recovery facilities (15 private, 3 public) to provide proof of owner financial responsibility with the department. Approximate cost per facility is \$5,000 per year.
- \$27,000 for 1,080 responsible units to provide new food waste reduction/composting educational outreach. Approximate staffing cost per responsible unit is \$25 per year.
- \$30,720 for 32 responsible units to meet minimum recycling collection services requirements by providing a drop-off location. Approximate cost per responsible unit is \$960 per year.

An additional \$96,000 is not included in the estimated impact above because it is an indirect impact to owners of some multi-family dwelling units after responsible units update their recycling ordinances. More information is listed in section 14., describing costs for multi-family dwelling units that may need to provide adequate recycling collection services. This is based on a high estimate of 100 multi-family dwelling units that would be required by updated local ordinances to provide at least one additional dumpster for recycling collection, at a cost of \$960 per year.

An economic impact from the rule that is difficult to calculate is the benefit to taxpayers because of the new requirement

ADMINISTRATIVE RULES

Fiscal Estimate & Economic Impact Analysis

for materials recovery facilities to provide owner financial responsibility. Requiring facilities to set aside a funding mechanism to cover the costs of clean-up should the operator abandon or be unable to properly close the facility, protects state taxpayers from footing the bill. Limited information received from two facilities estimate costs to close and properly clean a facility could range from approximately \$5,000 to over \$100,000.

10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)?

☐ Yes ☒ No

11. Policy Problem Addressed by the Rule

The department is directed by s. 287.03, Stats., to promulgate rules necessary to implement ch. 287, Stats., including the designation of effective recycling program criteria. In 2020, a legislative audit of statewide recycling programs prompted the department to review relevant administrative code and engage with stakeholders in an effort to determine if improvements of recycling regulations are needed.

The general objectives of this proposed rule are to correct, clarify, and update effective recycling program criteria throughout ch. NR 544, Wis. Adm. Code, as well as amend sections of other code chapters related to waste reduction, recovery, and recycling efforts. This rule also makes updates to definitions; changes to storage, collection and transportation, or processing requirements for recyclable materials; minor modifications or corrections to code based on previous statutory changes; and updates to recycling grant procedures authorized under statutes.

Owner Financial Responsibility (OFR)

The department requires licensed solid waste processing facilities in Wisconsin to provide OFR to cover the costs of closure and clean-up should the operator abandon or be unable to properly close the facility. Materials recovery facilities (MRFs) are processing facilities that are exempt from licensing and currently do not have OFR with the department. The rule seeks to align MRFs with other solid waste processing facilities by requiring OFR for facilities that annually accept more than 5,000 tons of materials.

In 2012, a MRF in Brown County went out of business and abandoned the facility. The department sought funds for clean-up of the property from the bankruptcy proceedings (sale of equipment) and cleaned up only a portion of the abandoned material. With no additional funds available to clean up the property, the site stayed dormant with remaining unsorted recyclables, plastic and glass. In 2014, vandals broke into the vacant property and set off fireworks, causing a fire that required crews from several area fire departments to extinguish and temporarily closed State Highway 54 ("Fire at Hobart industrial site closes Wis. 54," *Green Bay Press Gazette*, July 9, 2014). Due to the fire and safety concerns, the municipality chose to pay for the balance of the cleanup. The total cost of clean-up exceeded \$16,000. The risk of this occurring again at similar facilities led to the proposed rule requirement for OFR at certain MRFs.

There are 42 MRFs currently certified with the department to accept materials from responsible units. Of those, seven are out-of-state facilities not subject to OFR because the state of Wisconsin would not be the location of a potentially abandoned facility. Facilities vary in size from those that process less than 100 tons per year to facilities that process 175,000 tons per year. In an effort to reduce the economic impact on small operations (including municipally owned and small business MRFs), the department proposes to exempt facilities that process 5,000 tons per year or less. This exempts fifty percent of in-state MRFs (17 of 35) from OFR requirements, reducing the impact on small operations.

12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments.

The department will contact the following entities to solicit comments on the economic impact of the proposed rule:

- Responsible units, defined under s. 287.01(9), Stats., which includes every Wisconsin municipality or tribe either

ADMINISTRATIVE RULES

Fiscal Estimate & Economic Impact Analysis

individually or as a consolidated responsible unit (~ 1,080).

- Materials recovery facilities (42), defined under s. 287.27(1), Stats.
 - Three feedback sessions were conducted specifically for responsible units and MRFs in May 2023 that included live polling questions on draft rule concepts. A MRF session was held on May 3 with 34 attendees and approximately 20 facilities represented. Responsible unit sessions were held on May 8 (evening) and May 10 (noon hour) to acknowledge that many municipal clerks have other full-time jobs. A total of 213 participants attended the two sessions.
- Trade groups including the Associated Recyclers of Wisconsin, Solid Waste Association of North America-Badger Chapter, National Waste and Recycling Association- Badger Chapter, Wisconsin Counties Solid Waste Management Association, and the department's Waste and Materials Management Study Group.
 - Feedback on the proposed rule was also solicited from these groups from January through August 2023 via presentations to leadership boards, committees or membership webinars, as well as via a presentation on rule concepts at the WI Integrated Resource Management Conference (statewide conference of solid waste and recycling professionals and policy makers).

While not directly affected by the rule revision, property owners of non-residential facilities and multi-family residences with five or more units may be affected by responsible units updating their recycling ordinances, which would provide clarification on providing adequate recycling collection services. Efforts have been made to contact the Wisconsin Apartment Association and related groups.

13. Identify the Local Governmental Units that Participated in the Development of this EIA.

The department will solicit comments on the economic impact of the rule and any local governmental unit will be able to participate in the development of the EIA. The department will also notify the Wisconsin Counties Association and its Wisconsin Counties Solid Waste Management Association, League of Wisconsin Municipalities, and Wisconsin Towns Association.

14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

Most proposed rule changes would clarify and update existing code or policy requirements as well as add requirements that ensure universal recycling access and related documentation. Economic benefits, as a result of proposed improvements to effective recycling programs statewide, include saving natural resources, prolonging landfill space, providing feedstock to businesses and supporting an estimated 20,100 jobs (Institute for Scrap Recycling Industries [ISRI] Economic Impact Report for Wisconsin, <https://www.isri.org/economic-impact>). ISRI estimates the total economic impact of recycling in Wisconsin at over \$4.6 billion.

Specific Businesses and Business Sectors (Private Businesses)

Rule changes that would clarify or codify existing practices and are expected to have no economic impact include:

- Annual reporting changes for MRFs. (Some MRFs are privately owned; others are municipally owned.)
- Transfer stations keeping segregated recyclables separate from waste. (Some transfer facilities are privately owned; others are municipally owned.)
- Codification of guidance and existing practices related to beneficial reuse of glass and for MRF residual fee exemptions.

Rule changes that are expected to have an insignificant or minimal economic impact include:

ADMINISTRATIVE RULES

Fiscal Estimate & Economic Impact Analysis

- Services for the collection and transportation of recyclable materials must provide recycling tonnage data to responsible units by Feb. 1 instead of within four weeks of a written request from a responsible unit (insignificant).
- Recycling containers used by collection and transportation service providers are clearly labeled (insignificant).
- One-time self-certification application from existing private MRFs (estimated at one hour per facility, \$25/hr x 26 facilities = \$650).
- One-time development of contingency plans by MRFs for unplanned downtime of less than 48 hours and 48 hours or more, \$25/hr x 3 hours x 26 facilities = \$1,950).
- Operational clarification for MRFs that nuisance-free operations include preventing litter from unbaled material stored outdoors (insignificant).
- MRFs will identify their facility on educational materials and review contracted responsible units' educational material for accuracy upon request (insignificant).

The department seeks additional cost information from stakeholders during the comment period for economic impacts that may include:

- Costs incurred by self-certified MRFs to provide owner financial responsibility (OFR) to cover unanticipated closure. Closure costs vary based on the volume and type of material remaining on site, as well as transport distance. Neighboring MRFs may have a financial incentive to recover sorted recyclable materials from closing facilities, as those sorted materials are typically marketable at a net profit. However, depending on markets, transportation costs and other factors, glass typically is a net cost. Therefore, OFR would mainly cover costs of remaining glass and unsorted material left behind at a facility.

There are 42 self-certified MRFs presently certified with the department. Of those, seven are out-of-state facilities not subject to OFR (as the state of Wisconsin would not be the location of a potentially abandoned facility). Of the remaining 35 facilities, 19 are privately owned. Facilities vary in size from those that process less than 100 tons per year to facilities that process 175,000 tons per year. To reduce the economic impact on small operations (including municipally owned and small businesses) and in response to comments received from stakeholders, the department intends to exempt operations that process 5,000 tons per year or less. This exempts approximately fifty percent of material recovery facilities (17 of 35) from OFR requirements, reducing the impact on small businesses, yet protecting the state from potential expenses in cleaning up a large, abandoned processing operation.

An estimated 15 privately owned MRFs and three publicly owned MRFs would need to acquire OFR. Of those, six MRFs are in the 5,001 to 25,000 tons/year size range, ten MRFs in the 25,001 to 100,000 tons/year size range and two MRFs in the 100,001+ tons/year size range.

OFR may be accomplished by number of different mechanisms. Three commonly employed mechanisms include (1) a net worth test, (2) setting aside cost of closure in an interest-bearing account, or (3) third-party guarantee. Methods of providing proof of financial responsibility are described in s. NR 520.06, Wis. Adm. Code. The net worth test compares a company's assets to its liabilities and assesses its ability to pay for the cost of facility closure based solely on net worth. The interest-bearing mechanism sets aside funds for the cost of closure in an account inaccessible to the facility during operation, all of which is released back to the company after proper closure. These two options effectively cost a facility \$0. For a third-party guarantee, a third-party such as a bank or financial institution guarantees to the state that they will cover the cost of closure if closure requirements are not met by the facility owner.

ADMINISTRATIVE RULES

Fiscal Estimate & Economic Impact Analysis

Based on the information provided from a MRF that processes approximately 70,000 tons/year, the cost of facility closure was calculated at approximately \$100,000 for labor, transportation and recycling or disposal costs to remove materials and equipment. If using a third-party guarantee OFR method, the facility would pay an estimated 0.05% to 5% of the cost of closure annually. For this example facility, costs would equate to \$500 to \$5,000 per year. This example is the only information available at this time.

OFR is intended to cover the closure costs of loading, transporting and paying fees at the destination facility, plus a 10% contingency. Each MRF will differ in the maximum amount of material they have on-site, specific materials accepted, distance to end markets and landfills, and local cost of equipment rental and labor. It is also not possible for the department to know which OFR mechanism a facility will utilize. For the purposes of the economic impact analysis, the department assumes the greatest cost where no privately owned facilities will utilize a net worth or interest-bearing mechanism. If 15 privately owned MRFs obtain OFR through a third-party guarantee, and if that comes at an expense of \$5,000/year (based on the upper end of the cost range noted in the above paragraph), the annual cost of meeting the OFR requirement for all 15 privately owned MRFs will be \$75,000/year. As described, many assumptions and categorizations are necessary to arrive at a single numerical figure for the cost of OFR for privately owned MRFs. Therefore, the department will seek public comment to extrapolate the cost of OFR to private facilities.

- As noted above, property owners of non-residential facilities and multi-family residences with five or more units are not directly affected by the proposed rule, but they may be affected by responsible units updating their recycling ordinances. In the interest of transparency, analysis has been conducted on potential costs incurred by some multi-family dwellings and non-residential facilities to meet specifications for “adequate” recycling collection systems, such as costs for upgraded bins or dumpsters. There are an estimated 18,000 multi-family properties in the state. The department receives complaints once per month on average pertaining to multi-family properties not providing adequate recycling. The department is also occasionally copied on ordinance enforcement correspondence by responsible units related to multi-family compliance. Based on this data and over 25 years of Wisconsin’s recycling law, department staff consider most properties are in compliance with providing adequate recycling services. To address those that are not, the department proposed multiple mechanisms in the rule to achieve recycling adequacy for multi-family residents, allowing a property to choose the most cost-effective option: increasing recycling pick-up frequency, increasing recycling container size, adding a recycling container, etc. The cost to add service for one additional dumpster (six cubic yard, picked up monthly) is approximately \$960/year. Assuming the twelve multi-family recycling complaints the department receives on average is doubled by municipal enforcement efforts, less than 1% (24 of approximately 18,000) of multi-family properties per year may need to improve recycling adequacy at an estimated expense of \$23,040/year (24 x \$960/year). For the purposes of the economic impact analysis, if the department assumes there may be 100 multi-family properties per year in need of adding a recycling container, the cost would increase to \$96,000/year. The department will seek public comment on the prevalence of multi-family properties not providing adequate recycling.

Impacts on Public Utility Rate Payers

The department does not anticipate the promulgation of this rule to affect utility rate payers.

Impacts on Local Governmental Units

Rule changes that would clarify or codify existing practices and are expected to have no economic impact include:

- Minor annual reporting clarifications for responsible units and MRFs.

ADMINISTRATIVE RULES

Fiscal Estimate & Economic Impact Analysis

- Transfer stations keeping segregated recyclables separate from waste.
- Clarification and deletion of obsolete language related to recycling grants to responsible units.
- Codification of guidance policies related to beneficial reuse of glass and for MRF residual fee exemptions.

Rule changes that are expected to have an insignificant or minimal economic impact include:

- One-time self-certification application from MRFs (estimated at one hour per facility, \$25/hr x 16 facilities = \$400) (Facilities owned and/or operated by local governments.)
- One-time development of contingency plans by MRFs for unplanned downtime of less than 48 hours and 48 hours or more, \$25/hr x 3 hours x 16 facilities = \$1,200).
- Updating recycling ordinances by responsible units (RU) (estimated at one hour per RU, \$25/hr x 1080 RUs = \$27,000).
- Implementing new food waste reduction/composting education into responsible units' existing recycling education (estimated at one hour per RU, \$25/hr x 1080 RUs = \$27,000/year). The department will provide technical support in the form of web links, templates and examples of informational materials at no cost to responsible units. A potential economic benefit to this new requirement is savings for responsible unit residents that learn from this outreach. It is estimated that one third of groceries bought by an average American household are thrown away. A 2020 study conducted by Penn State estimated that if this waste is prevented, it could save a household \$1,866 per year.
- Operational clarification for MRFs that nuisance-free operations include preventing litter from unbaled material stored outdoors (insignificant cost).
- MRFs will identify their facility on educational materials and review contracted responsible units' educational material for accuracy upon request (insignificant cost).

The department seeks additional cost information from stakeholders during the comment period for economic impacts that may include:

- Costs incurred by self-certified MRFs to provide owner financial responsibility (OFR) to cover unanticipated closure. (See above section on private business OFR impact for detailed analysis.) As noted above, MRFs can be municipally or privately owned. Presently, there are three municipally owned MRFs which would need to attain OFR, after the exemption of all facilities under 5,000 tons per year is considered. As also described above, it is not possible for the department to know which OFR mechanism a MRF will choose to employ [note: net worth test is not an available option to municipally owned facilities per s. 289.41(1), Stats.] and there are a number of factors unique to each MRF that go into the OFR calculation. For the purposes of the economic impact analysis, the department assumes no municipally owned facilities will utilize an interest-bearing mechanism. If three publicly owned MRFs attain OFR through a third-party guarantee, and if that comes at an expense of \$5,000/year, the annual cost of meeting the OFR requirement for publicly owned MRFs will be \$15,000/year. As described earlier, many assumptions and categorizations are necessary to arrive at a single numerical figure for the cost of OFR for MRFs. Therefore, the department will seek public comment to extrapolate the cost of OFR to material recovery facilities.
- Costs incurred by approximately 3% of responsible units to meet the intent of providing a recycling system for single family and 2–4-unit residences (based on data collected by the department in annual recycling reports). These would be responsible units that currently only provide monthly curbside collection and do not provide access to a drop-off system. While responsible units would have the option to meet the access requirement by referring residents to nearby drop-off sites not operated by the responsible unit (where available), if the responsible unit sets up a drop-off program with monthly emptying of the container, the cost would be an estimated \$960 per year. If 3% (32 of 1,080) of responsible units set up such a program, the estimated expense

ADMINISTRATIVE RULES

Fiscal Estimate & Economic Impact Analysis

would be \$30,720/year (32 x \$960/year).

Fiscal Impact and Impact on State Economy

The department does not anticipate a fiscal impact or an adverse impact of this rule to the state's economy.

15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Economic benefits include:

- Improving the efficiency of Wisconsin recycling markets and supporting growth in the market for recyclables.
- Supporting Wisconsin recycling industry jobs.
- Increasing landfill longevity.
- Increasing equitable access to recycling in Wisconsin.
- Creating a better understanding of Wisconsin recycling performance.
- Increasing economic efficiency through greater use of recovered materials.
- More efficient use of energy in manufacturing through greater use of recovered materials as feedstocks.
- Increasing efficiency of various report submittals for stakeholders and the department.

Most of the proposed rule changes would clarify and update existing code or policy requirements as well as add provisions that ensure universal recycling access and related documentation. Economic benefits, as a result of proposed improvements to effective recycling programs statewide, include saving natural resources, prolonging landfill space, providing feedstock to businesses and supporting an estimated 20,100 jobs (Institute for Scrap Recycling Industries [ISRI] Economic Impact Report for Wisconsin, <https://www.isri.org/economic-impact>). ISRI estimates the total economic impact of recycling in Wisconsin at over \$4.6 billion.

An economic impact from the rule that is difficult to calculate is the benefit to taxpayers because of the new requirement for MRFs to provide owner financial responsibility. Requiring facilities to set aside a funding mechanism to cover the costs of clean-up should the operator abandon or be unable to properly close the facility, protects state taxpayers from footing the bill. The example described earlier about a fire at an abandoned MRF resulted in clean up costs of \$16,000. Information received from two other MRFs estimate costs to close and clean out a facility could range from approximately \$5,000 to over \$100,000.

If the rule is not implemented, the efficiencies and savings would not be achieved. Current code language would allow continued recycling operations.

16. Long Range Implications of Implementing the Rule

Long range implications include more efficient and clear policy for municipal responsible units statewide, with better access to recycling services for all residents and visitors. Wisconsin local governments and businesses have a long history of providing recycling services, with solid infrastructure and businesses to process these valuable industrial materials. This rule proposes to continue the state's long-term support for this \$4.6 billion industry.

17. Compare With Approaches Being Used by Federal Government

Federal law does not regulate state responsible units in regard to the effectiveness of their recycling programs, nor does it require any level of government to provide a recycling service.

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

All states bordering Wisconsin (Illinois, Iowa, Minnesota, and Michigan) as well as Indiana have state laws and requirements for recycling. Of the five, Minnesota's program has the most in common with the Wisconsin program.

ADMINISTRATIVE RULES

Fiscal Estimate & Economic Impact Analysis

Both the Wisconsin and the Minnesota programs comprehensively impact the residential and the non-residential/commercial/institutional sectors throughout the state. Both delegate authority to implement and enforce state recycling requirements to the local level, although the Wisconsin program assigns this authority to the municipal level while Minnesota's program is delegated to the counties, except for the Minneapolis/St. Paul metro area. Both state programs are also closely monitored, and are supported by state recycling grants.

The Indiana and Iowa recycling programs place a greater emphasis on voluntary localized recycling initiatives and general recycling education. The Illinois program emphasizes the use of economic incentives such as recycling market development and recycled content requirements. Michigan recently undertook a significant recasting of its recycling law and now has a statewide program similar to the Minnesota and Wisconsin comprehensive programs.

Minnesota, Illinois and Iowa do not require owner financial responsibility (OFR) for MRFs, and Indiana only requires OFR for certain specific recycling operations.

The proposed rule also establishes a 12% minimum glass recycling rate and 20% maximum facility residual rate (unless acceptable justification is provided to the department). Neighboring states do not employ a minimum glass recycling rate; however, Iowa and Michigan recover more container glass because they have container deposit systems. Minnesota indicated their overall glass capture rate was >70%, but this is not calculated the same as the glass recycling rate proposed in the rule.

The proposed rule establishes a maximum overall residual rate of 20% at MRFs, which means facilities should only be sending a maximum of 20% by weight of all incoming materials for disposal at a landfill. This would include unmarketable recyclable materials and waste. For comparison, Minnesota has a tax incentive for recycling facilities to recycle 85% of material. Iowa requires 75% of material to be recycled to qualify as a "legitimate" recycling operation.

19. Contact Name

Jennifer Semrau

20. Contact Phone Number

608-381-0960

This document can be made available in alternate formats to individuals with disabilities upon request.

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

The main economic impact of the rule on small businesses is the addition of owner financial responsibility on MRFs. It is difficult to assess the precise number of MRFs that qualify as small businesses. MRFs typically employ office workers, material handlers, heavy equipment operators, maintenance staff, line sorters and managerial positions. In total, these positions likely exceed 25 employees at a substantial number of facilities. The department does not have data on the number of employees at each MRF. Further, the department does not have data on gross annual sales. It is noted that annual sales data will vary considerably year over year as the primary revenue generator for MRFs is the sale of recyclable commodities. Commodity market pricing changes at least monthly (more often for certain materials) and is affected by international and domestic factors, such as other countries buying and selling commodities, transportation challenges in exporting and domestic travel by truck and rail, fuel expenses, labor disputes, paper mill downtime, seasonal fluctuations in supply and demand and other trends. A MRF may exceed gross annual sales of \$5,000,000 in one year and fall below this level in the subsequent year due to commodity market values. A MRF may meet the definition of a small business in certain years and not in others.

However, the department is able to confidently state that the number of potential small businesses affected is small. Excluding municipally owned facilities and those that are not independently owned and operated and dominant in their field, the number of material recovery facilities that may qualify as small businesses is not likely to exceed ten.

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

The department has evaluated available information on current certified MRFs, but as noted above there are limitations on information available. During the EIA solicitation, the department asks for additional information and data on the rule's impact on small businesses.

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- ☐ Less Stringent Compliance or Reporting Requirements
- ☐ Less Stringent Schedules or Deadlines for Compliance or Reporting
- ☒ Consolidation or Simplification of Reporting Requirements
- ☐ Establishment of performance standards in lieu of Design or Operational Standards
- ☒ Exemption of Small Businesses from some or all requirements
- ☐ Other, describe:

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

To reduce the economic impact on small operations (including municipally owned and private small businesses) and in response to comments received from stakeholders, the proposed rule would exempt materials recovery facilities that process 5,000 tons per year or less from the new requirement to attain OFR. This would exempt approximately fifty percent of in-state materials recovery facilities (17 of 35) from OFR requirements, reducing the impact on small businesses yet protecting the state from the most significant financial risks associated with cleaning up large, abandoned processing operations.

The rule will also reduce annual reporting obligations of MRFs (including those that qualify as small businesses) by limiting requests for certain operational information, not likely to change on an annual basis, to a one-time operational self-certification application. This change will reduce the content of the recurring annual self-certification report and

ADMINISTRATIVE RULES
Fiscal Estimate & Economic Impact Analysis

reduce the time needed to complete the report.

5. Describe the Rule's Enforcement Provisions

Solid waste enforcement provisions are found in ss. 287.91 and 289.97, Stats. The attorney general shall enforce ch. 287, Stats., and all rules promulgated under that chapter.

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

☐ Yes ☒ No
