

# FISCAL NOTE

**Bill #:** HB0446

**Title:** Referendum on newspaper recycling

**Primary  
Sponsor:** Doug Mood

**Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY2002 Difference</u></b>	<b><u>FY2003 Difference</u></b>
<b>Expenditures:</b>		
General Fund	0	7,748
<b>Revenue:</b>		
General Fund	0	0
<b>Net Impact on General Fund Balance:</b>	<b>\$0</b>	<b>(\$7,748)</b>

<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

## Fiscal Analysis

### ASSUMPTIONS:

#### **Legislative Services Division**

1. The Department of Environmental Quality shall submit annual reports of the results of the newsprint recycling program to the Environmental Quality Council.
2. The Environmental Quality Council shall receive the reports at regularly scheduled meetings.
3. There is no fiscal impact to the Environmental Quality Council or the Legislative Branch.

#### **Secretary of State**

4. There is no fiscal impact to office of The Secretary of State.

**Department of Environmental Quality**

5. This bill is to be voted on in November 2002, which is midway through FY2003. The program would take effect in FY 2004, with the costs to start up the program occurring in FY 2003. Costs to maintain the program would occur in the next biennium. Costs to set up the program are included under Fiscal Impact; costs to maintain the program are provided as long-term impacts.
6. Costs to set up the program include staff time (0.20 FTE, grade 14) to write rules, develop reporting forms, develop a database, and notify interested persons. These one-time costs are estimated at \$7,748.
7. Costs to maintain the program are divided into several areas. The first area is program administration including staff time to review monthly reports and enter data from them; evaluate compliance with recycling targets annually; prepare an annual report to the EQC; and time to notify schools of the lottery system to distribute the revenues in the special account, answer questions, process applications and distribute funds to the schools. These annual costs are estimated at \$4,800.
8. Additional costs to maintain the program are estimated at \$ 4,661 annually to investigate complaints about the availability of recycling, litter, and other issues at the many locations where bins would be placed.
9. There would be a maximum of one enforcement case per year estimated to cost \$3,959. This cost is based on the cost of similar cases by the Enforcement Division of DEQ and includes attorney and other professional time.
10. Revenue would come from the one enforcement case per year. Similar cases with potential fines of \$10,000 per day result in actual collections of an average \$3,873 from the Enforcement Division at DEQ. This is the amount of funds that would be distributed to school libraries under the bill, if enforcement action occurred.
11. There would be a reduction in landfill fees collected by DEQ because of the diversion of newspapers from the landfills. It is estimated the reduced revenue would be \$8,209 annually if the recycling rate for newspapers were 50%. This number would increase or decrease as different recycling rates were achieved. This number is based on national averages for recycling rates applied to tons of wastes disposed of in Montana landfills.
12. General fund would be needed because the bill does not provide a funding source from any other mechanism.
13. There is no projected cost for the public vote on this bill because the Secretary of State plans to absorb the marginal costs, unless a large number of referenda are passed and approved.
14. There would be no additional cost for setting up and managing the special revenue account through DEQ.

**FISCAL IMPACT:**

**Department of Environmental Quality**

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
FTE		.20
<u>Expenditures:</u>		
Personal Services		6,923
Operating Expenses		<u>825</u>
TOTAL	0	\$7,748
<u>Funding:</u>		
General Fund (01)		\$7,748

Revenues:

State Special Revenue (02)	0	0
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Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	0	(\$7,748)
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LONG-RANGE IMPACTS:

There would be long-range impacts beginning in FY 2004. These would be annual program operating costs estimated at \$13,420 with staff increasing from 0.20 FTE for start up to 0.35 FTE for program implementation. Increased recycling of newsprint will reduce the amount of newsprint that is being disposed of in landfills and will reduce the revenue from fees that are collected for disposal. This amount is variable depending on the amount of newspaper that is kept out of the landfills.

TECHNICAL NOTES:

1. This bill requires an election in November of 2002, sets recycling targets for newspapers starting in calendar year 2003, and requires that reporting start in January of 2003. This does not allow time for the program to be set up or rules to be developed. The fiscal note assumes that the election would be held in November of 2002 and program start up would occur in FY 2003, with annual costs calculated beginning in FY 2004. Targets and reporting should likely occur in FY 2004.