

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b> |                   |                          |                   |                               |
|---|-------------------|--------------------------|-------------------|-------------------------------|
|   | <b>FY 2007-08</b> |                          | <b>FY 2008-09</b> |                               |
|   | EXPENDITURES      | REVENUE                  | EXPENDITURES      | REVENUE                       |
| GENERAL FUNDS                                       | 113,887           |                          |                   |                               |
| CASH FUNDS  | 113,887           | 80,000 to 400,000        | 212,775           | 2,880,000 to<br>4, 400,000    |
| FEDERAL FUNDS                                       |                   |                          |                   |                               |
| OTHER FUNDS   |                   |                          |                   |                               |
| <b>TOTAL FUNDS</b>                                  | <b>227,775</b>    | <b>80,000 to 400,000</b> | <b>212,775</b>    | <b>2,880,000 to 4,440,000</b> |

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 583 would adopt the Electronics Recycling System Act. The Department of Environmental Quality (DEQ) would be given authority to administer the act, including: establishing the state recycling rate, collecting fees authorized under the act, selecting and making payment to private contracts to carry out electronic device collection and recycling, encouraging reuse and recycling of electronic devices, educating the public, providing program information on the agency web site and preparing an annual report. Fees charged under the act would include:

- Beginning January 31, 2008 and each January 31 thereafter, manufacturers of covered electronic devices would pay a registration fee of either \$1,000 or \$5,000, based upon the quantity of covered electronic devices sold in the previous calendar year. It is estimated by DEQ that fee registration revenue could range from \$80,000 to \$400,000 annually.
- Beginning January 31, 2009, and each January 31 thereafter, manufacturers would pay a fee based upon sales in Nebraska. The fee would be calculated by multiplying the state recycling rate by the weight in pounds of sales of the manufacturer's covered electronic devices sold in the state in the previous calendar year, and then multiplying the product of the calculation by not more than 50 cents per pound. Manufacturers could receive credit towards payment of this fee if a recycling plan was submitted to and approved by DEQ. It is estimated by DEQ that revenue from this fee could range from \$2,800,000 to \$4,000,000 annually.

DEQ estimates that 2.5 FTE will be needed to carry out the provisions of the act; expenses for agency administration would total \$227,775 in FY07-08 and \$212,775 in FY08-09. Because there would be expenses to establish the program, analyze sales information, assess fees and process fees prior to revenue actually being received by DEQ, there is no basis to disagree with the agency estimate that General Funds would be required to operate the program until fee revenue is received. Subsequent year expenses could be paid entirely from fee revenue. (Note: LB 583 does not establish or designate a cash fund to receive fee revenue.)

It is estimated that beginning in FY09-10, the \$2,800,000 to \$4,000,000 in revenue received from the fee on pounds of equipment sold would be used to make payment to private contractors for electronic device collection and recycling. As a result, cash fund expenditures would increase to approximately \$2,000,000 to \$4,000,000 per year.