

Recommendations of the Hazardous Waste User Charges Work Group

Summary

A work group comprised of staff from the Department of Environmental Quality (DEQ), Waste Management Division (WMD), and representatives of industry and environmental organizations (see attached list), propose a combination of user charges to raise approximately \$1.6 million each year to administer the state's Hazardous Waste Program. The work group considered the amount of funds necessary to administer the Hazardous Waste Program and the sources available to meet that need. The combination of user charges, which includes annual handler charges, a charge for the Uniform Hazardous Waste Manifest, and a charge to process the Notification of Hazardous Waste Activity form, is the most equitable, broad-based, reliable, and easy to pay and collect system of user charges among those considered by the work group.

Hazardous Waste Program

The management of hazardous waste in Michigan is regulated under Part 111, Hazardous Waste Management, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (Act 451), and the federal Resource Conservation and Recovery Act of 1976, as amended (RCRA). The Hazardous Waste Program is a comprehensive, proactive environmental protection program designed to assure that all hazardous waste, from the time that it is generated until the time that it is ultimately recycled, treated, or disposed, is managed in a manner that is protective of the public and the environment. The WMD is responsible for administering the Hazardous Waste Program, and is assisted from time to time by the DEQ's Criminal Investigations Section, the Department of Attorney General, and Michigan's Environmental Laboratory.

Hazardous Waste Program Costs

The Hazardous Waste Program costs approximately \$5.1 million annually. This amount includes \$4,340,000 for staffing, \$510,000 for major equipment and contractual services, and \$250,000 for temporary services from the federal Senior Environmental Employee Program (SEEPs). Sixty-seven full-time equivalent (FTE) positions, including SEEPs, are allocated to the program. Table 1 shows the allocation and costs of FTEs and SEEPs by activity.

Note that the SEEPs are providing essential services to the Hazardous Waste Program. The SEEPs are employed by the United States Environmental Protection Agency (U.S. EPA) on a temporary basis. When their funding runs out, the WMD will still have to perform the tasks done by the SEEPs, at a substantially higher cost.

Hazardous Waste Program Funding

The Hazardous Waste Program costs are borne by \$3.6 million in federal funds and \$1.5 million in state funds. The federal funds are available through the RCRA grant, U.S. EPA contracts, and the Great Lakes Initiative grant. The state

funds are derived from the hazardous and liquid industrial waste transporter license fees and general funds.

The reason Michigan must now impose user charges is that the transporter license fees will no longer be available for the Hazardous Waste Program. Michigan is in the process of implementing the Uniform Hauler Program under which license fees are apportioned among the participating states. License fee revenue in Michigan will diminish to about \$180,000 to \$200,000, and approximately \$100,000 of that will be dedicated to the Michigan State Police, Motor Carrier Division, to conduct audits and safety inspections. The remaining license fee revenues will support one position in the WMD for administering the Uniform Hauler Program.

Table 1: Hazardous Waste Program Costs

Activity	FTEs	FTEs Subtotal	FTE Costs	SEEPs	SEEP Costs
Compliance and Enforcement					
Lansing	4				
Field	21			2	\$55,555
CIS	3				
AG	2				
	-->	30	\$2,244,828		
Permits					
Permits/Closures/Certifications/ Financial Assurance	6				
Corrective Action	8				
Waste Characterization	1				
Comprehensive Monitoring Evaluations	2			1	\$27,778
	-->	17	\$1,272,069		
Management and Reporting		6	\$448,966	4	\$111,111
Rules/Authorization		1	\$74,828		
Hauler Licensing		1	\$74,828	1	\$27,778
Manifest System		3	\$224,483	1	\$27,778
Total		58	\$4,340,000	9	\$250,000

User Charges

The work group considered numerous user charges to raise the needed \$1.6 million. Users are considered to be those persons and businesses that derive a service or benefit (compliance assistance, license, etc.) from the Hazardous Waste Program, and those that create the hazards (hazardous waste, landfill, etc.) that the Hazardous Waste Program was developed to address. The work group also considered other options that are not true user

charges, such as the use of the state's general fund. Table 2 is a summary of the options considered.

Work Group Consensus

The work group's goal was to achieve consensus on a proposal for hazardous waste user charges. A consensus was not reached because some members of the work group supported the use of the state's general fund instead of user charges. This report focuses on user charges because the DEQ is required under Section 11126a of Act 451 to submit a report to the Legislature which recommends user charges. Copies of letters from the work group members regarding their support for user charges are attached.

Consequences of Failure to Enact User Charges

If user charges are not enacted, then the DEQ will have to rely upon the Legislature each year for appropriations from the general fund for the Hazardous Waste Program. If those general fund appropriations are inadequate to match the federal grant and to run an effective program, then the state's Hazardous Waste Program will be in jeopardy. In the likely event that the U.S. EPA would then eliminate the federal grant (over \$3 million) and revoke Michigan's authorization to administer the Hazardous Waste Program, the following would occur:

1. The DEQ would no longer issue construction permits and operating licenses for hazardous waste facilities. The U.S. EPA would make these decisions under federal law. The federal permitting rules do not address concerns that are important to Michigan: a defensible siting process for new facilities which addresses local community impacts; location standards for new facilities; the environmental compliance history of hazardous waste facility developers; special landfill design standards; environmental monitoring standards; coordination of permit decisions with other state environmental protection laws; and regulation of commercial hazardous wastewater treatment facilities. Michigan would essentially lose control over the siting and licensing of hazardous waste management facilities, and over the ability to enforce environmental protection standards that are important to Michigan's citizens.
2. The DEQ would no longer approve closure plans or corrective action plans for the cleanup of hazardous waste management facilities. The U.S. EPA would make these decisions under federal law. The federal closure and corrective action rules and guidance do not integrate Michigan's cleanup standards developed under Part 201, Environmental Remediation, of Act 451. In addition, the U.S. EPA would not have the same priorities as the DEQ for cleanups and brownfields redevelopment, and would not be as sensitive to the impact of its decisions on Michigan's business climate.
3. The State of Michigan would no longer have any financial assurance that the hazardous waste closures and corrective actions would be done, exposing Michigan taxpayers to millions of dollars in additional cleanup costs. The

U.S. EPA would administer its own financial assurance program, but the federal financial assurance requirements are less stringent than Michigan's, and the U.S. EPA would be the beneficiary of any financial assurance obtained under federal regulations.

4. The State of Michigan would no longer conduct compliance inspections at facilities generating hazardous waste nor would enforcement action be taken at facilities violating current regulations.
5. Michigan taxpayers would be further exposed to cleanup costs because the DEQ would not administer the hazardous waste manifest system. The manifest system helps ensure that hazardous waste is properly transported and disposed, and identifies responsible parties for cleanups at disposal sites.
6. Michigan would have to compete for the U.S. EPA's limited resources. This could result in delayed or incomplete implementation of multi-media initiatives in the DEQ.

Overall, the U.S. EPA could not administer a program that is as effective at protecting Michigan's citizens and environment. This would lessen incentives to reduce the amount of hazardous waste generated, increase the opportunities for mismanagement of hazardous waste, and expose Michigan's citizens to unnecessary environmental and economic risks.

Table 2: Summary Analysis of Hazardous Waste User Charge Options

The following table summarizes an analysis of various user charges for the hazardous waste program. The analysis presents information to help determine whether a user charge is equitable (those that benefit the most or cause most of the hazard should pay more), broad-based (spread out over a large group with lower chance for fluctuations in revenue caused by changes in the economic activity of group members), reliable and enforceable (clear ability to produce revenue and not intended to change behavior), and easy to pay and collect. Example charge amounts and anticipated revenues are also shown. The user charges identified with an asterisk are recommended by the work group.

	Equitable	Broad-Based	Reliable and Enforceable	Easy to Pay and Collect
<p>* Notification Form Processing Charge</p> <p>Charge \$50 to process the Notification of Hazardous Waste Activity form required of all newly-regulated handlers. The form is used to assign a unique identification number to the handler.</p> <p>1,000 x \$50 = \$50,000</p>	<p>A one-time charge assessed to the recipient of the new identification number. Covers a portion of the direct costs to assign the identification number. This charge is not scaled to reflect the environmental significance of the handler's activity.</p>	<p>Affects all new handlers from a variety of business sectors.</p>	<p>New businesses and newly-regulated businesses are expected to create a continuous need for approximately 1,000 new identification numbers each year.</p> <p>Enforcement of this charge is straightforward: an identification number is not issued until payment is received.</p>	<p>The charge could be collected by requiring that the payment accompany the notification form when submitted.</p>
<p>Annual ID Number Charge</p> <p>Charge \$300 per year for the use of a U.S. EPA Identification Number.</p> <p>5,450 x \$300 = \$1.6M</p>	<p>This charge would capture all handlers of hazardous waste. The charge is not scaled to reflect the environmental significance and degree of regulation of the handler's activity. Assessing the same charge for a licensed landfill as for a small quantity generator may create equity concerns.</p>	<p>The universe of all handlers is over 5,600. The burden is spread out over a large group. Changes in the economic activity of individual sectors within the group should not significantly affect revenue.</p>	<p>The revenue should be reliable: the universe of handlers should remain relatively constant over the next five years; and the charge is the same, regardless of the type of activity or the compliance of the handler.</p> <p>This user charge would have to be enforced by</p>	<p>The WMD would have to use the federal Resources, Conservation, and Recovery Information System (RCRIS) and state manifest system databases to identify and bill the handlers. The user charge would be easy to pay since there would not be a need to complete lengthy forms or to make calculations; it</p>

	Equitable	Broad-Based	Reliable and Enforceable	Easy to Pay and Collect
			<p>finest and penalties for the use of an identification number for which the annual charge was not paid.</p>	<p>is a simple question of whether the handler needs to continue to use the identification number. Also, the transporters may object to the charge under the premise that it is preempted by federal motor carrier laws.</p>
<p>* Annual Handler Charge</p> <p>Charge based upon type(s) of hazardous waste activity conducted.</p> <p>VLQG 50 x \$1,000 = \$50,000 LQG 1,700 x \$400 = \$680,000 SQG 3,400 x \$100 = \$340,000 CESQG 3,500 x \$0 = \$0 Used Oil 25 x \$100 = \$2,500 Univ. Waste 50 x \$0 = \$0 TSD 40 x \$2,000 = \$80,000 Trans 300 x \$0 = \$0 Total = \$1,152,500</p> <p>(For explanation of abbreviations, see Table 3, Page 13.)</p>	<p>This charge is assessed to those businesses that generate and treat, store, or dispose of hazardous waste, and is scaled to reflect the environmental significance and degree of regulation of the handler's activity.</p>	<p>The universe of all regulated handlers is over 5,400. The burden is spread out over a large group. Changes in the economic activity of individual sectors within the group should not significantly affect revenue.</p>	<p>The revenue should be reliable: the universe of handlers should remain relatively constant over the next five years; and no major shifts from one sector to another (e.g., from large quantity generator to small quantity generator) are anticipated as a result of this user charge or of market conditions.</p> <p>This user charge would have to be enforced with fines and penalties for failure to submit the annual form with accurate information and payment.</p>	<p>The WMD could use the federal RCRIS and state manifest system databases to identify and bill the handlers. The user charge would be easy to pay since there would not be a need to complete lengthy forms; it is a simple matter of checking off the applicable regulated activities (TSD, SQG, used oil burner, etc.), adding up associated costs, and then sending in the payment. Also, the WMD would have to develop a system to audit and verify the responses to ensure that operating handlers are paying the charges.</p>
<p>Annual Generation Charge</p> <p>Charge \$100 plus \$3 per ton of waste generated, with a total cap of \$5,100.</p>	<p>This charge is assessed to generators and is based upon the regulated quantity of hazardous waste generated each year. The more waste generated, the</p>	<p>The universe of generators (excluding conditionally-exempt small quantity generators) is approximately 5,150. The burden is spread out over</p>	<p>The amount of hazardous waste generated each year has declined substantially, and the trend is expected to continue. Changes in the definition and listing of</p>	<p>Generators would likely have to keep detailed records on waste generation. The WMD would have to develop a new system to identify and</p>

	Equitable	Broad-Based	Reliable and Enforceable	Easy to Pay and Collect
\$1.6 million	higher the charge. Without a maximum, the charge could fall disproportionately on a few very large quantity generators; and without a minimum, the charge to small quantity generators may not be commensurate with their environmental significance and degree of regulation.	a large group, but may fall disproportionately on a minority in that group. Changes in the economic activity of individual sectors within the group should not significantly affect revenue.	hazardous waste also could have a major impact upon generation data. The generation charge itself would be another incentive to reduce the amount of hazardous waste generated. The WMD does not have a system in place to report and verify all generation data. The manifest system captures much of the data, but waste that is managed in on-site systems and some exported wastes are not reported in such a way that the data is readily verified.	notify generators that the user charge is due, and to track their payments. To verify that the user charges are calculated and paid correctly, random audits of the system, at a minimum, would be needed. The costs to develop and implement a collection system would be substantial. For comparison, the WMD is assessed \$150,000 by the U.S. EPA to just collect biennial report data. The WMDs costs would greatly exceed that amount because similar generation data would have to be verified and entered into a database, and the generators would have to be invoiced for the applicable user charge.
<p>* Manifest Charge</p> <p>Charge \$4 plus postage for each manifest ordered.</p> <p>150,000 x \$4 = \$600,000</p> <p>The manifests should be offered in single-sheet and tractor-feed formats, and</p>	This charge would be assessed directly to the users of Michigan's Uniform Hazardous Waste Manifest. This user charge does not capture the hazardous waste that is managed in on-site systems, or all shipments to out-of-state facilities.	The charge would affect the thousands of both in-state and out-of-state generators that manifest hazardous waste to Michigan facilities, and that use Michigan's manifest for shipments to other states that do not have a manifest. Shipments of	Approximately 450,000 manifests are ordered each year. Only about 60 percent of those manifests are used. The rest are wasted or used for other states. Manifests orders will decrease in response to a significant user charge; there would be	The WMD currently charges \$0.05 per manifest plus postage. A user charge could be assessed under the existing collection system.

	Equitable	Broad-Based	Reliable and Enforceable	Easy to Pay and Collect
the charge for tractor-feed format could be slightly higher.		liquid industrial waste in Michigan would also be affected.	fewer wasted manifests and multiple-manifest shipments. Manifest usage should stabilize in the long term at about 150,000 per year for both hazardous and liquid industrial waste shipments. Enforcement of this user charge is straightforward: the manifest (or manifest number) must be purchased.	
<p>Treatment and Disposal Charge</p> <p>Expand the current solidification and land disposal charge to include treatment and incineration.</p> <p>Treat 173,000 x \$5 = \$865,000 Incin 27,000 x \$8 = \$216,000 Total Additional = \$1 million Less 25% for rebates - \$250,000 Total = \$750,000</p>	<p>Solidification and land disposal are already subject to a user charge. The revenue from that user charge supports the waste reduction programs and refunds (incentive payments for reductions in waste generation). Expanding the user charge to treatment and incineration would capture the remaining wastes (except those that are recycled) that are not solidified and land disposed. The user charge could be scaled to reflect the waste management hierarchy (reduce, reuse, recycle, treat, incinerate, land fill).</p>	<p>About one-half of the waste generated in Michigan is treated or incinerated. This waste comes from thousands of generators. Changes in the economic activity of sectors within this group of generators should not significantly affect revenue. Also, this user charge, if assessed at the treatment or incineration facility, would capture waste imported from other states, which represents over 25 percent of the hazardous waste managed in Michigan.</p>	<p>Generators can choose where to send their waste. The expansion of the solidification and land disposal charge to treated and incinerated waste could be an incentive to export the waste to other states that do not have similar charges or to manage it in exempt on-site systems (e.g., waste water treatment plants). Overall, at the pricing levels proposed, the charge should not significantly alter the waste management decisions of Michigan's generators.</p> <p>To enforce this user charge, the WMD would</p>	<p>If implemented similar to the current solidification and land disposal charge, the treatment and incineration charge would be collected from the generators by the treatment and incineration facilities and then paid to the state. This would meet with considerable resistance from the commercial treatment facilities.</p>

	Equitable	Broad-Based	Reliable and Enforceable	Easy to Pay and Collect
	<p>Revenue from the solidification and land disposal charge is dedicated to waste reduction programs, raising equity concerns since the costs of the hazardous waste program would burden only those that treat or incinerate their waste.</p> <p>A charge on treated (other than solidified) waste could put Michigan's commercial wastewater treatment facilities at a competitive disadvantage with other states, forcing closures.</p> <p>A treatment charge would not capture revenue from generators that treat their own waste in exempt, on-site systems (i.e., tanks or containers)</p>		<p>have to develop a system to verify the movement of waste at treatment and incineration facilities.</p>	
<p>Inspection and Monitoring Charge</p> <p>Charge for inspections and environmental monitoring evaluations.</p> <p>TSDs 40 x \$700 = \$28,000 LQGs 200 x \$260 = \$52,000 SQGs 200 x \$175 = \$35,000 Env Mon 15 x \$6,000 = \$90,000 Total = \$205,000</p>	<p>These charges would be assessed to the facilities that are inspected. Facilities that must be inspected on a more frequent basis would pay more.</p> <p>This would meet with considerable resistance from most handlers.</p>	<p>Only a portion of the universe of handlers are inspected each year, and some are not inspected for several years. The burden will not be spread among all handlers.</p>	<p>A certain number of inspections will be done each year, whether they are at the same or different facilities from year to year. If inspections lead to enforcement actions and fines or penalties, the inspection charges may be difficult to collect.</p>	<p>There is arguably no good time to charge a business for an inspection, especially when the inspection reveals violations.</p>

	Equitable	Broad-Based	Reliable and Enforceable	Easy to Pay and Collect
<p>Corrective Action Charge</p> <p>Charge for the submittal and review of corrective action work plans and reports that require review and/or approval.</p> <p>20 x \$750 = \$15,000</p>	<p>The charge would be assessed to the facilities that submit corrective action work plans.</p> <p>It is difficult to assess a uniform charge to all corrective action work plans and reports because they vary in complexity from simple, 30-page soil sampling plans to complex, multi-volume remediation plans. The actual costs to review some of these plans could easily exceed \$10,000, especially when extensive public participation is needed.</p>	<p>This user charge would capture only a small portion of handlers. Approximately 240 facilities are subject to corrective action. Once corrective action is underway, the facilities are required to submit numerous work plans and reports. The WMD may review 20 work plans and reports each year.</p>	<p>Corrective action has not yet been implemented at many of the facilities, so work plans and reports will be submitted on a regular basis for at least the next five years. In the long run, the number of work plans and reports submitted will decrease because the number of affected facilities is finite and because the WMD is promoting voluntary corrective actions in which the number of reports and work plans are minimized.</p>	<p>The user charge could be collected at the time the work plan or report is submitted to the WMD.</p>
<p>General Fund</p> <p>Use General Fund money to match the federal Hazardous Waste Program grant.</p> <p>\$1.6 million</p>	<p>All citizens and businesses benefit from a clean environment. Individual contributions to the general fund are not based on the relative benefit derived from the hazardous waste program or on the environmental significance and degree of regulation of hazardous waste activity conducted by a business.</p>	<p>The burden of funding the hazardous waste program would be spread out over all taxpayers.</p>	<p>Fiscal restraint during economic downturns could result in fewer general fund dollars for the hazardous waste program. Because 75 percent of the costs for the program are supported by a federal grant, each General Fund dollar lost represents four dollars lost to the program. In addition, if budget cuts compromise the state's ability to administer the hazardous waste program, the state's federal authorization and entire</p>	<p>Existing collection systems are in place.</p>

	Equitable	Broad-Based	Reliable and Enforceable	Easy to Pay and Collect
<p>Enforcement Fines</p> <p>Deposit all fines collected from hazardous waste enforcement cases into a fund for the hazardous waste program.</p>	<p>Fines are paid by those handlers that are found to be in violation of hazardous waste management regulations.</p>	<p>Only a limited number of handlers pay substantial fines.</p>	<p>grant could be jeopardized.</p> <p>The amount of enforcement fines collected can vary dramatically from year to year and depends upon the enforcement priorities of the WMD and the compliance of the regulated community.</p>	<p>Fines are paid upon settlement of enforcement cases.</p>
<p>Container Label Charge</p> <p>Charge for labels that must be placed on every container of hazardous waste managed in Michigan.</p> <p>Different labels and charges would be needed for different size containers and bulk shipments.</p> <p>Examples \$1 for up to 55 gal \$2 for 55 < 200 gal \$30 for roll-off box \$80 for bulk shipment</p> <p>(Difficult to predict number of various containers. The above charges were approximated by calculating the total number of a given size</p>	<p>This user charge would apply to all containers of hazardous waste. The total amount paid by a handler would depend upon the number of containers of waste generated or managed.</p>	<p>This user charge would be shared by all generators and handlers of hazardous waste, but may not capture all movements of hazardous waste, especially those that are done on-site. This charge would also capture out-of-state generators.</p>	<p>The number of containers of hazardous waste should stay relatively constant or decrease with decreasing waste generation.</p> <p>Every container of hazardous waste that is stored or transported in Michigan would require the label. It could be difficult to enforce this requirement for all generators, especially those that move waste on-site.</p>	<p>The WMD would have to produce unique labels that can be affixed to containers. Generators and handlers would have to purchase the labels. Different labels and charges would be used for different size containers, and bulk shipments would require a special label.</p>

	Equitable	Broad-Based	Reliable and Enforceable	Easy to Pay and Collect
container needed to hold most of the waste shipped in Michigan, 700,000 tons, and then deriving a charge per container to get \$1.6 million.)				
<p>Annual Vehicle Registration Surcharge</p> <p>Assess a \$0.18 surcharge on the annual vehicle registration fee charged by the Secretary of State.</p> <p>9 M x \$0.18 = \$1.6 M</p>	All drivers benefit from a clean environment. A vehicle surcharge is not based on the relative benefit each driver obtains from the Hazardous Waste Program or on a business' environmental significance and degree of regulation.	This user charge would be spread among a very large group: all registered vehicles in Michigan. Significant fluctuations in revenue would not be expected, regardless of the state of the economy.	The number of registered vehicles is not expected to change dramatically over the next five years, and the charge would be readily enforced through annual vehicle registration fees.	The user charge would be collected with the annual vehicle registration fee using the existing collection system.

Recommendation

The work group recommends that Michigan impose annual handler charges, charge for the Uniform Hazardous Waste Manifest, and charge to process the Notification of Hazardous Waste Activity form. This combination of user charges meets the criteria of being the most equitable, broad-based, reliable and enforceable, and easy to pay and collect, and should generate the \$1.6 million each year to support the Hazardous Waste Program. Table 3 shows the amount of each user charge and expected revenue. The expected revenue estimate is greater than \$1.6 million because the work group recognizes that the amounts are just estimates, and that they could fall short in the first year.

Table 3: Recommended User Charges

User Charge	Number Affected	Charge, \$	Subtotal, \$	Total, \$
Annual Handler Charge				
Very Large Quantity Generators (VLQG) (over 1,000 tons/year)	50	1,000	50,000	
Large Quantity Generators (LQG)	1,700	400	680,000	
Small Quantity Generators (SQG)	3,400	100	340,000	
Conditionally-Exempt Small Quantity Generators (CESQG)	+3,500	0	0	
Used Oil Burners, etc.	25	100	2,500	
Universal Waste Large Quantity Handlers	25	0	0	
Universal Waste Destination Facilities	2	0	0	
Treatment, Storage, and Disposal Facilities (TSD)	40	2,000	80,000	
Transporters	300	0	0	
Subtotal Annual Handler Charge				1,152,500
Manifest Charge	150,000	4	600,000	600,000
Notification Form Processing Charge	1,000	50	50,000	50,000
Total				\$1,802,500

Legislation

To implement the recommended user charges, Part 111 of Act 451 and Part 121, Liquid Industrial Waste, of Act 451 must be amended. Part 111 of Act 451 must be amended to require the annual handler charge, manifest charge, and notification form charge. Part 121 of Act 451 must be amended to

require the manifest charge. Draft Legislation is attached. The Legislation should reflect the work group's intent on the following points:

1. The effective date for the charges should be October 1, 1999 to enable the WMD to collect the charges for one year before the revenue would be needed.
2. The handler charge is based upon a prior year's activity because that information is verifiable. In addition, it should be based on a calendar year to coincide with other waste generation reporting cycles. Since the first handler charge becomes effective on October 1, 1999, and would be charged in January 2000, it would be based upon activity conducted from January 1999 through December 1999. Therefore, the first handler charge is arguably retroactive to a period before the effective date of the charges in the Legislation. This should not be a significant issue since the handler charge is paid only by those handlers that want to continue the regulated activity in the subsequent year.
3. The handler charges are additive. For example, a generator of less than 1,000 kg of hazardous waste per month and that is also a treatment facility would pay a total of \$2,100 under the handler charge.
4. The handler charge is based upon the largest amount of hazardous waste generated in any month during the calendar year. Therefore, if a handler generates less than 1,000 kg per month for 11 months out of the year, but then goes over that amount during one month, he or she would be assessed a handler charge for generators of over 1,000 kg per month.
5. To avoid generators ordering large supplies of manifests prior to the effective date of the \$4 per manifest charge, the Legislation must require generators to pay the \$4 charge for all manifests used after the effective date.
6. The notification form processing charge should be a charge to obtain an identification number. The regulations do not currently require subsequent notifications (i.e., revisions once an initial notification is submitted and an identification number is issued). A charge to process subsequent notifications would be a disincentive for handlers filing subsequent notifications that help keep the handler database accurate. Also, many notifications are submitted in error so the DEQ should process those and return the charge. The real incentive for handlers to submit the notification form is to obtain an identification number. Tying the charge to the issuance of the identification number will assure that the charge is paid by the essential users of the form.
7. The user charges must be deposited into a restricted fund or account, and any appropriation from the fund or account which is not utilized must be

returned to the fund or account at the end of the fiscal year and not to the general fund.

8. The amount of excess that is allowed to accumulate in the restricted fund or account should be limited to \$3.2 million. If more than \$3.2 million remains after appropriations, then the DEQ must not send out invoices for the handler charge. The DEQ would continue to collect manifest and notification form processing charges since those are more difficult to stop and start again.
9. The report to the legislature should be based on a calendar year to coincide with the basis for collection of the handler charge.

Implementation

Beginning on the effective date of the user charges, the WMD will begin to collect the charges for manifests (or manifest numbers) ordered and for notification forms submitted. Collection of both of these user charges should be straightforward, and, in the case of manifest charges, use an existing collection system.

The more difficult charge to collect will be the annual handler charge. The WMD will need to develop a very simple, one-page form that shows each handler activity (e.g., small quantity generator) and associated charge. The federal RCRIS database can generate these forms from existing notification data. The forms would be sent to the handlers who would then either confirm the information or make corrections and then return them along with the applicable user charge. An invoice would also be sent to the handlers for accounting purposes.

Approximately two FTEs will be needed in the long-term to administer the handler charge. In the short term, additional resources will be needed due to the poor quality of data in RCRIS. Administration of the manifest and notification form charges will not require additional resources.

Every other year, the WMD will prepare a report for the Legislature, which summarizes revenues to and expenditures from the restricted fund or account that would be established for the user charges.