

March 8, 2011

The Honorable Anthony Brown, Chairperson
House Committee on Commerce and Economic Development
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Brown:

SUBJECT: Fiscal Note for HB 2341 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2341 is respectfully submitted to your committee.

HB 2341 would require certain beverage containers to be redeemable and require the Kansas Department of Health and Environment (KDHE) to administer a program that includes redemption centers and recycling. The law would establish new responsibilities for retailers of beverage containers related to the collection and payment of deposits and the handling of empty containers by retailers or other container redemption centers. The bill would create the Returnable Container Deposit Fund to be administered by KDHE. The responsibility to manage the deposits and disbursements, ensure that retailers are complying with the bill's requirements, and evaluate the effectiveness of the program would be assigned to KDHE. The bill would also establish a landfill ban on beverage containers to maximize recycling. Unredeemed deposits minus the state expenditures to administer the program would be split equally between redemption centers and the State General Fund.

Estimated State Fiscal Effect				
	FY 2011 SGF	FY 2011 All Funds	FY 2012 SGF	FY 2012 All Funds
Revenue	--	--	\$12,000,000	\$25,000,000
Expenditure	--	--	--	\$706,819
FTE Pos.	--	--	--	4.00

The Department of Health and Environment indicates the bill would increase revenue by \$25.0 million, including \$12.0 million to the State General Fund, \$12.3 million to the Returnable Container Deposit Fund, and \$706,819 to KDHE for administration of the program. Expenditures at KDHE would increase by this amount to fund 9.00 new FTE positions and operating expenditures. The nine FTE positions would be needed to handle transactions related

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to the receipt of deposit payments from retailers, the disbursement of deposits to redemption centers, the monitoring of compliance, as well as enforcement, inspection, audit, and technical assistance functions. The list below details the expenditures:

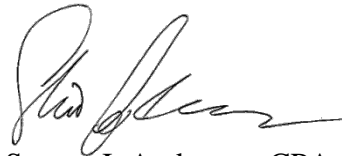
Program Specialists (4)	\$179,160
Environmental Technicians (3)	163,674
Public Service Administrator (1)	48,878
Public Service Executive	72,860
Communications (for all positions)	22,344
Supplies (for all positions)	1,200
Capital Outlay (for all positions)	18,703
Travel Expenses	50,000
Electronic Processing System	<u>150,000</u>
Total	\$706,819

The assumptions made by KDHE to estimate revenue include the following:

1. There are approximately 2.00 billion containers sold in Kansas annually;
2. The value of unredeemed deposits at \$0.05 per container is \$25.0 million;
3. The amount to be deposited to the State General Fund would be 50.0 percent of the fund balance (approximately \$12.0 million);
4. The remainder of approximately \$12.3 million would be used to refund deposits to redemption centers at \$0.05 per container.

Any fiscal effect resulting from enactment of this bill is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Pat Kuester, Health & Environment