

**Iowa Department of Natural Resources
Environmental Protection Commission**

ITEM

13

INFORMATION

TOPIC

Proposed Rule – Amend IAC Chapter 567-11 “Tax Certification of Pollution Control or Recycling Property”

Attached for the Commission’s information and review is a Notice of Intended Action to amend administrative rule 567—Chapter 11 “Tax Certification of Pollution Control or Recycling Property.”

Legislative changes in 2006 expanded the scope of Iowa’s recycling property tax exemption. Prior to this legislation, Iowa companies processing wastepaper products, waste paperboard, waste plastic, or waste wood into a new raw material or product could receive a property tax exemption. The new legislation expanded the property tax exemption by amending the definition of recycling property to include property used to convert waste glass products into new raw materials or products.

The proposed amendments reflect the expansion of the property tax exemption to include property used to process waste glass products and include removal of an out-of-date reference to the Department of Water, Air, and Waste Management.

The commission will be requested to approve this Notice of Intended Action at its September meeting.

Jeffrey Geerts
Administrator
Environmental Services Division

July 28, 2006

ENVIRONMENTAL PROTECTION COMMISSION [567]

Notice of Intended Action

Pursuant to the authority of Iowa Code sections 427.1(19), the Environmental Protection Commission hereby gives Notice of Intended Action to amend Chapter 11, “Tax Certification of Pollution Control or Recycling Property”.

These amendments reflect the expansion of the property tax exemption to include property used to process waste glass products. The rule amendments include examples of recycling property typically considered eligible and include removal of an out-of-date reference to the Department of Water, Air, and Waste Management.

Any interested person may make written suggestions or comments on these proposed amendments on or before _____. Such written materials should be directed to Jeff Geerts, Energy & Waste Management Bureau, Iowa Department of Natural Resources, 502 E. 9th St., Des Moines, Iowa 50319-0034; fax (515) 281-8895. Persons wishing to convey their views orally should contact Jeff Geerts at (515) 281-8176 or at the Wallace State Office Building.

When submitting comments, the Energy & Waste Management Bureau encourages stakeholders to utilize the following guidelines. These guidelines aid the bureau in accurately understanding and creating a record of your input.

1. Include your mailing address and contact information.
2. Please state if you are submitting comments as an individual, or for a business or organization.
3. Cite the specific rule(s) on which you are commenting.
4. Explain your views as clearly as possible by describing any assumptions, data, or technical information you utilized.

5. Provide specific examples to illustrate your concerns.

6. Offer alternative language that you think would improve the specific rule(s) and explain why.

Also, there will be a public hearing on _____ at _____ in conference room _____ of the Wallace State Office Building, 502 East Ninth Street, Des Moines, at which time persons may present their views either orally or in writing. At the hearing, persons will be asked to give their names and addresses for the record and to confine their remarks to the subject of the rules.

Any persons who will attend the public hearing and have special requirements such as hearing or mobility impairments should contact the Department of Natural Resources and advise of specific needs.

These rules are intended to implement Iowa Code section 427.1(19).

The following amendments are proposed:

ITEM #1 Amend subrule 11.6(1) as follows:

567—11.6(427) Criteria for determining eligibility.

11.6(1) General. Property which has been installed and is used primarily to meet an effluent standard, a water quality standard, an emission standard or to control hydrocarbons, fugitive dust, odors or other air contaminants in a reasonably adequate manner shall be considered to be used primarily to control or abate pollution of water or air of the state. Property which has been installed to meet a standard more stringent than an emission or water quality standard shall be considered to be used primarily to enhance the quality of the water or air of this state. Personal property or improvements to real property as defined by Iowa Code section 427A.1 or any portion of the property used primarily in the manufacturing process and resulting directly in the

conversion of waste plastic, wastepaper products, waste paperboard, waste glass, or waste wood into new raw materials or products composed primarily of recycled material shall be considered recycling property. Each request will be considered in the context of its particular circumstances. In the event that such property also serves other purposes or uses of productive benefit to the owner of the property, only such portion of the assessed valuation thereof as may reasonably be calculated to be necessary for and devoted to the control or abatement of pollution, to the enhancement of the quality of the air or water of this state, or for recycling shall be exempt from taxation.

ITEM #2 Amend subrule 11.6(3)b(5) as follows:

(5) Replacement boilers or changeovers in fuels unless made in compliance with an emissions reduction program approved by the department of ~~water, air and waste management of the state of Iowa~~ and unless in compliance with a schedule approved by the environmental protection agency.

ITEM #3 Amend subrule 11.6(3)e as follows:

e. Recycling - normally considered eligible. Property used in the conversion of waste plastic, wastepaper products, waste paperboard, waste glass, or waste wood into a raw material meeting industry specifications for use by a manufacturer of a recycled product including, but not limited to:

(1) Property used to sort and prepare wastepaper products or waste paperboard to paper mill industry specifications.

(2) Property used to sort and prepare wastepaper products or waste paperboard to cellulose insulation industry specifications.

(3) Property used to sort and prepare wastepaper products or waste paperboard to animal bedding industry specifications.

(4) Property used to sort and prepare wastepaper products or waste paperboard to packaging industry specifications.

(5) Property used to sort and prepare waste plastic to ~~recycled~~ plastic industry specifications (e.g., extrusion, injection, blow) without additional required changes to the size or shape of the plastic before the plastic enters the manufacturing process.

(6) Property used to sort and prepare waste wood to industry specifications for products such as oriented-strand board, medium-density fiberboard, finger-jointed lumber, furniture, animal bedding, mulch, bulking material for the composting process, or fuel.

(7) Property used to sort and prepare waste glass to glass industry end-market specifications (e.g., container manufacturing, fiberglass manufacturing, abrasives, aggregate) without additional required changes to the size or shape of the glass before the glass enters the manufacturing process.

These rules are intended to implement Iowa Code section 427.1(19).

Date

Jeffrey R. Vonk, Director

Administrative Rule Fiscal Impact Statement

Date: 7/14/06

Agency: Department of Natural Resources
IAC Citation: 567—Chapter 11
Agency Contact: Jeff Geerts, (515) 281-8176

Summary of the Rule:

The Rule provides a property tax exemption for personal property or improvements to real property for the conversion of wastepaper, waste paperboard, waste plastic, waste glass or waste wood products into new raw materials or products. The rule is to implement a legislative change to Iowa Code Chapter 427.1(19).

Fill in this box if the impact meets these criteria:

- No Fiscal Impact to the State.
 Fiscal Impact of less than \$100,000 annually or \$500,000 over 5 years.
 Fiscal Impact cannot be determined.

Brief Explanation: The only fiscal impact to the state is the processing of the recycling property certification form to certify the property as recycling property. It's estimated that staff time necessary to process the forms will be less than 1% of an FTE annually.

Estimated Impact to the State by Fiscal Year

	<u>Year 1 (FY 07)</u>	<u>Year 2 (FY 08)</u>
Revenue by Each Source:		
GENERAL FUND	N/A	N/A
FEDERAL FUNDS	N/A	N/A
Other (specify)	N/A	N/A
	_____	_____
TOTAL REVENUE	\$0.00	\$0.00
Expenditures:		
GENERAL FUND	N/A	N/A
FEDERAL FUNDS	N/A	N/A
Other (Tonnage Fees for Staff Review Time)	\$500	\$500
	_____	_____
TOTAL EXPENDITURES	\$500	\$500
NET IMPACT	-\$500	-\$500

This rule is required by State law or Federal mandate.

Please identify the state or federal law:

These new rules are required by State law pursuant to Iowa Code 427.1(19).

Funding has been provided for the rule change.

Please identify the amount provided and the funding source:

Funding has not been provided for the rule.

Please explain how the agency will pay for the rule change:

The Energy and Waste Management Bureau estimates that implementing and enforcing these rules will require 0.01 FTE in the central office during the first year the program is implemented. After the first year, approximately 0.01 FTE in the central office will be needed. Very few eligible properties exist at this time. Staff time has been devoted to processing these certification requests since 1994.

Fiscal impact to persons affected by the rule:

Affected persons impacted by this rule are companies processing waste glass products into new raw materials or products. The fiscal impact for the companies impacted will be positive due to the property tax exemption. The amount of the positive impact can not be determined as it will vary from one business to another depending on the current assessed value of property eligible for the property tax exemption.

Fiscal impact to Counties or other Local Governments (required by Iowa Code 25B.6):

The costs to local governments will be the revenue loss from the waste glass property tax exemptions. This impact can not be estimated exactly by DNR, but the impact will likely be minimal given a department estimate of approximately five to ten current companies that may benefit from the tax exemption. The actual exemption amount is determined by each local assessor and not the department. The department only certifies whether the property is an eligible recycling property or not.

* If additional explanation is needed, please attach extra pages.

Agency Representative preparing estimate: Jeff Geerts
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