



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 606** HLS 19RS 119
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 30, 2019 6:09 PM	Author: SCHEXNAYDER
Dept./Agy.: Environmental Quality	Analyst: David Neef
Subject: Fees for waste tire disposal	

FEES/LICENSES/PERMITS OR +\$2,485,326 SD RV See Note Page 1 of 1
 Provides for fees imposed for waste tire disposal

Present law provides that \$2.25 per passenger/light truck tire, \$5 per medium truck tire, and \$10 per off-road tire be collected for every tire sold; the fees are deposited into the Waste Tire Management Fund. Present law requires a payment of 7.5 cents to a permitted waste tire processing facility based on the per pound of waste tire material that is recycled.

Proposed law \$3.00 per passenger/light truck tire, \$7 per medium truck tire, and \$20 per off-road tire. Further provides for minimum payment amounts as follows: \$0.11 1/2 per pound for processing waste tires that remove the steel and tire cord and produce crumb rubber with a granular consistency; \$0.09 1/2 per pound for processing waste tires that produce a shredded rubber no larger than 5 inch by 5 inch in diameter; \$0.07 1/2 per pound for processing waste tires.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$2,485,326	\$2,485,326	\$2,485,326	\$2,485,326	\$2,485,326	\$12,426,630
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$2,485,326	\$2,485,326	\$2,485,326	\$2,485,326	\$2,485,326	\$12,426,630

EXPENDITURE EXPLANATION

There will be an increase in expenditures for the Department of Environmental Quality as a result of the increase in minimum payment amounts.

Annual payments requested could be as low as \$11.1M to the extent that 100% of projects submitted would require and be approved by the department as minimum rubber, and as high as \$17M to the extent that 100% of projects submitted would require and be approved as crumb rubber, however it is unlikely that the latter were to occur. Without the information necessary to forecast the mix of waste tire chips that would be submitted by processors at a given year, the department cannot determine an exact amount at this time.

However, as an example, the processor payment request was \$10.5M in FY 18. If the measure were to have been applied for FY 18, the amount of total charges would have been \$11.6 M; an increase of \$1.1 M. (The average charges by mix of waste tire chips between FY 18 and FY 19, were 83% for the 7.5 cent minimum, 16% for the 9.5 cent 5x5, and 1% for the 11.5 cent crumb.)

To the extent that projects submitted in a given year exceeded the revenues available to reimburse processors, the department would generate arrears that would be paid to processors when revenues became available. To the extent revenues exceed projects submitted, the fund would generate a surplus, which would be carried forward into future fiscal years and used to pay processors when requests were higher.

The program allows for 10% of the fees collected to be used by the department for administrative expenditures to oversee the program. Using the estimated impact example, there would be an additional \$248,533 available for administrative expenditures.

REVENUE EXPLANATION

There will be an increase in revenue for the Department of Environmental Quality of approximately \$2.5 M from FY 20 and thereafter. Using the average for the sale of tires from FY 16 to FY 18, DEQ estimates that it would collect a total of \$15.4 M if the fees were adjusted to the proposed amounts; current fee collection is \$12.9 M.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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