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FISCAL IMPACT REPORT

SPONSOR: Heaton DATE TYPED: 02/12/01 HB 192
 SHORT TITLE: Distribution of Tire Recycling Fees SB _____
 ANALYST: Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ 835.0	\$ 835.0	Recurring	Tire Recycling Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department (TRD)
 Environment Department
 State Highway and Transportation Department (SHTD)

SUMMARY

Synopsis of Bill

The bill would increase the tire recycling fee as follows:

- for motorcycles, from \$0.50 to \$1.00 per year
- for passenger vehicles, from \$1.00 to \$1.50 per year
- for trucks, truck tractors, road tractors and buses, from \$1.00 to \$1.50 per year
- for buses, from \$0.25 per wheel to \$0.50 per wheel
- for buses associated with agricultural labor, from \$0.25 per wheel to \$0.50 per wheel

The incremental fee increase is directed to the tire recycling fund. The bill does not contain an effective date.

Significant Issues

The bill would reinstate a program that, because of a reassignment of the revenue to the highway infrastructure fund, was effectively abolished.

FISCAL IMPLICATIONS

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According to TRD, the bill would result in \$835.0 in revenue to the tire recycling fund. SHTD concurs with this estimate; however, the Environment Department does not. The fiscal impact is based on the annual average vehicle registration count. The fiscal impact does not reflect adjustments for multi-year registration patterns or growth in the size of the fleet. The fiscal impact assumes the first full year of receipts would be FY02, because of the lack of an effective date.

The highway infrastructure fund would continue to receive its distribution from tire recycling fees.

ADMINISTRATIVE IMPLICATIONS

Minimal systems changes and processing costs for TRD.

OTHER SUBSTANTIVE ISSUES

Prior to 1999, the tire recycling fee was split between a remediation program (tire recycling program) and a rubberized asphalt program assigned to SHTD. 1999 legislation abolished both the tire recycling and rubberized asphalt programs in favor of a highway infrastructure fund.

In 1994, when the tire recycling fee was first imposed, industry leaders testified that the state's tire disposal problem could be remediated in about five years through a combination of recycling and remanufacturing. Apparently, this bill indicates there is still a significant problem with abandoned tires or tire disposal, and that over five years of money transferred to recycling and remanufacturing programs was not sufficient to deal with the accumulated problem.

The Environment Department notes the tire recycling program currently has \$160.0 to fund administration of the Tire Recycling Act and the tire recycling regulations (including permitting and inspections) and to support two existing FTEs.

AW/ar