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FINAL FISCAL NOTE

Drafting Number: LLS 19-0949 Date: August 19, 2019
Prime Sponsors: Sen. Todd; Coram Bill Status: Signed into Law
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Bill Topic: CONTINUED MANAGEMENT OF WASTE TIRES

- Summary of Fiscal Impact:
[x] State Revenue [ ] TABOR Refund
[x] State Expenditure [ ] Local Government
[ ] State Transfer [ ] Statutory Public Entity

This bill increases the waste tire fee from \$0.55 to up to \$2.00 per tire to be determined by the Solid and Hazardous Waste Commission from January 1, 2020, through December 31, 2023, and recreates the End Users Fund and rebate program. The bill will increase state revenue and expenditures through FY 2023-24.

Appropriation Summary: For FY 2019-20, the bill requires a net appropriation of \$3,262,500 to the Department of Public Health and Environment.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB 19-198

Table with 4 columns: Category, Sub-category, FY 2019-20, FY 2020-21. Rows include Revenue, Expenditures, Transfers, and TABOR Refund.

## **Summary of Legislation**

Under current law, a waste tire fee of \$0.55 is assessed on every new tire sold in Colorado and all revenue is deposited into the Waste Tire Administration, Enforcement, and Cleanup Fund in the Department of Public Health and Environment (CDPHE). The bill recreates the End Users Fund and rebate program which repealed January 1, 2018, and requires the Solid and Hazardous Waste Commission to set the waste tire fee by up to \$2.00 per tire beginning January 1, 2020. The fee must be sufficient to fund the direct and indirect costs of implementing the waste tire program up to \$0.50 per tire, and to fund the rebate program. The bill returns the fee to \$0.55 per tire on January 1, 2024, and continues the fee collection and distribution through December 31, 2025.

The state treasurer will distribute a portion of the revenue collected from the waste tire fee into the End Users Fund for use by the CDPHE to provide quarterly rebates to end users for the processing of waste tires into tire-derived products or fuel. The state treasurer will distribute the other portion of the fee revenue to the renamed Waste Tire Administration, Enforcement, Market Development, and Cleanup Fund (Waste Tire Fund). The bill also changes the requirements for waste tire monofills, as explained below.

**Rebates.** The money in the End Users Fund will be distributed in quarterly rebates to in-state waste tire end users and retailers that sell tire-derived products, subject to certain conditions. The Solid and Hazardous Waste Commission will set the amount of the rebate, by rule, on a per-ton basis, to equal the anticipated income to the fund. The commission will also promulgate rules governing the administration of the rebate according to specific requirements included in the bill. The CDPHE will pay the established rebate amount for each ton of qualified tire-derived product.

**Waste tire monofills.** Under current law, a storage facility for waste tires, known as a waste tire monofill, is required to reduce the number of waste tires it has in storage by two tires for each tire received through end use or processing into tire-derived product. The bill prohibits the CDPHE from granting a waiver to an owner or operator of a waste tire monofill from requirements to process a certain number of waste tires and not to store waste tires; except if the owner or operator has demonstrated an annual net reduction in the number of waste tires at the monofill or has experienced an emergency event at the monofill such as a fire or flood.

## **Background**

Currently, the Waste Tire Administration, Enforcement, and Cleanup Fund is used to cover the administrative costs of the waste tire program, including fee collection, inspections, enforcement, and reporting.

## **Assumptions**

The fiscal note assumes that the Solid and Hazardous Waste Commission will set the fee at \$2.00.

## **State Revenue**

On net, the bill increases state cash fund revenue by \$3,262,500 in FY 2019-20 and \$6,525,000 in FY 2020-21, which is credited 75 percent to the End Users Fund and 25 percent to the Waste Tire Fund. The End Users Fund receives 75 percent of the waste tire fee revenue under the bill,

estimated at \$3,375,000 in FY 2019-20 and by \$6,750,000 in FY 2020-21. The Waste Tire Fund receives 25 percent of the waste tire fee revenue, which compared to current law, will result in a decrease in revenue to the fund of \$112,500 in FY 2019-20 and \$225,000 in FY 2020-21.

**Fee impact on tire purchases.** Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The \$2.00 fee is set in the bill. Table 2 below shows the impact of the increase of \$1.45 over the current \$0.55 fee.

**Table 2  
Fee Impact on Tire Purchases**

<b>Fiscal Year</b>	<b>Type of Fee</b>	<b>Proposed Fee Increase</b>	<b>Number of Tires</b>	<b>Total Fee Impact</b>
<b>FY 2019-20</b>	Waste Tire Fee	\$1.45	2,250,000	\$3,262,500
<b>FY 2020-21</b>	Waste Tire Fee	\$1.45	4,500,000	\$6,525,000

### **State Expenditures**

The bill will increase state cash fund expenditures by up to \$3,262,500 in FY 2019-20 and \$6,525,000 in FY 2020-21 for the CDPHE. The Departments of Personnel and Administration (DPA) and Transportation (CDOT) will also have increased expenditures in future fiscal years, as discussed below.

**Hazardous Materials and Waste Management Division, CDPHE.** The Hazardous Materials and Waste Management Division will implement the rebate program which will require rulemaking and processing and payment of rebate requests. Due to the funding reduction in the Waste Tire Fund, the division will reduce waste tire administration efforts to reflect the funding reduction of \$112,250 in FY 2019-20, and \$225,000 in FY 2020-21. Existing staff are sufficient to accommodate the increased workload.

**Departments of Personnel and Administration and Transportation.** Both DPA and CDOT purchase a certain amount of tires on an annual basis. From 2019-20 through FY 2023-24, when waste tire fees are increase by \$1.45 per tire, these departments will have increased expenditures of approximately \$9,500 in FY 2019-20 and \$19,000 in FY 2020-21 for DPA and \$900 in FY 2019-20 and \$1,800 in FY 2020-21 for CDOT. If this minimal per tire cost increase cannot be accomplished within existing appropriations, the fiscal note assumes this will be addressed during the annual budget process.

### **Effective Date**

The bill was signed by the Governor on May 31, 2019, and took effect August 2, 2019.

**State Appropriations**

For FY 2019-20, the bill requires the following appropriations to the CDPHE:

- \$3,375,000 from the End Users Fund; and
- a reduction of \$112,500 from the Waste Tire Administration, Enforcement, Market Development, and Cleanup Fund.

**State and Local Government Contacts**

Counties	Information Technology	Law
Local Affairs	Public Health and Environment	