



**Colorado
Legislative
Council
Staff**

SB17-047

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0357
Prime Sponsor(s): Sen. Coram

Date: September 1, 2017
Bill Status: Postponed Indefinitely
Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: ADDITIONAL INCENTIVES BENEFICIAL USE WASTE TIRES

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue	up to \$2,232,500	up to \$4,465,000
Cash Funds	up to 2,232,500	up to 4,465,000
State Expenditures	up to \$2,232,500	up to \$4,465,000
General Fund	potential increase.	
Cash Funds	up to 2,232,500	up to 4,465,000
Appropriation Required: None.		
Future Year Impacts: Ongoing revenue and expenditure increase through FY 2023-24.		

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

The bill modifies the state's waste tire management system.

Fee modification. The bill sets the Waste Tire fee at \$1.50 through FY 2023-24, at which time it drops to \$0.50. It splits the fee between three funds within the Colorado Department of Health and Environment (CDPHE), as shown in Table 1. The fee schedule under current law is outlined in the Background section.

Time Period	Fee	Distribution
7/1/2018 to 6/30/24	\$1.50 or less	\$0.50 to the Waste Tire Administration, Enforcement, and Cleanup Fund \$0.90 per tire to the End Users Fund \$0.10 per tire to the Waste Tire Market Development Fund
from 7/1/24 on	\$0.50 or less	100% to the Waste Tire Administration, Enforcement, and Cleanup Fund

Waste Tire Enterprise. The bill creates the Waste Tire Enterprise for the purpose of improving waste tire markets and eliminating waste tires held in storage. The enterprise is effective January 1, 2018, through June 30, 2024, as a Type 1 transfer under CDPHE. It may expend moneys in the existing End User Fund and the Waste Tire Market Development Fund, and may set the per-tire fee lower than \$1.50.

The enterprise is managed by a five-member board appointed by legislative leadership and the Governor. Board members may receive reimbursement from the General Fund for actual and necessary expenses for their meetings, which must take place at least quarterly. The CDPHE is required to provide staff services as determined by board.

State department exemption. The bill exempts principal state departments from the waste tire fee.

Background

Recent reorganization of the waste tire management system. House Bill 14-1352 repealed and reenacted the state's waste tire laws to move the program's administration from the Department of Revenue to the CDPHE and its Solid and Hazardous Waste Commission. Relevant to this fiscal note, HB 14-1352:

- modified the distribution of the \$1.50 waste tire fee to three new cash funds as follows through December 31, 2017:
 - 30 percent to the Waste Tire Administration, Enforcement, and Cleanup Fund;
 - 65 percent to the End Users Fund; and
 - 5 percent to the Waste Tire Market Development Fund; and
- then modified the amount of the waste tire fee to \$0.55 beginning January 1, 2018, to be distributed 100 percent to the Waste Tire Administration, Enforcement, and Cleanup Fund, and letting the other two funds repeal.

Overview of waste tire funds. There are three funds in the waste tire management system currently receiving a disbursement from the waste tire fee.

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

End Users Fund. This fund provides monthly rebates, in an amount currently set by the Solid and Hazardous Waste Commission at \$75 per ton, to incentivize processors and end users of Colorado waste tires.

Waste Tire Market Development Fund. This fund is used for waste tire innovative technology business development grants, loans, and incentive funding programs.

State Revenue

The bill will increase state cash fund revenue collected from the waste tire fee by an estimated **\$2,232,500 in FY 2017-18 and \$4,465,000 in FY 2018-19**. This revenue will be split between three funds as outlined above in Table 1. Projected revenue increases through FY 2024-25 are shown in Table 2.

Assumptions. The fiscal note assumes that the Waste Tire Enterprise Board will keep the waste tire fee at \$1.50 through FY 2023-24, and that the average annual amount of waste tires is 4.7 million.

Fiscal Year	Current Law	SB17-047	Total Increase	Revenue to Enterprise	TABOR Change
FY 2017-18**	\$4,817,500	\$7,050,000	\$2,232,500	\$2,350,000	(\$117,500)
FY 2018-19	\$2,585,000	\$7,050,000	\$4,465,000	\$4,700,000	(\$235,000)
FY 2019-20	\$2,585,000	\$7,050,000	\$4,465,000	\$4,700,000	(\$235,000)
FY 2020-21	\$2,585,000	\$7,050,000	\$4,465,000	\$4,700,000	(\$235,000)
FY 2021-22	\$2,585,000	\$7,050,000	\$4,465,000	\$4,700,000	(\$235,000)
FY 2022-23	\$2,585,000	\$7,050,000	\$4,465,000	\$4,700,000	(\$235,000)
FY 2023-24	\$2,585,000	\$7,050,000	\$4,465,000	\$4,700,000	(\$235,000)
FY 2024-25***	\$2,585,000	\$2,350,000	(\$235,000)	0	(\$235,000)

* The fiscal note assumes that the Waste Tire Enterprise Board will keep the waste tire fee at \$1.50 through FY 2023-24 and that the average annual amount of waste tires is 4.7 million.

** FY 2017-18 represents a mid-year change from a \$1.50 to a \$0.55 waste tire fee under current law.

*** FY 2024-25 represents a change from a \$1.50 to \$0.50 waste tire fee under the bill.

Loan to grant conversions. To the extent that Waste Tire Market Development Fund loans are converted to grants, revenue to the fund will be reduced. This reduction has not been estimated.

State Expenditures

This bill will increase expenditures and workload in the CDPHE and decrease expenditures in the Department of Personnel and Administration (DPA) and the Department of Transportation (CDOT).

Colorado Department of Public Health and Environment. Some General Fund expenditures to cover the Waste Tire Enterprise board's meeting costs will be required; these meeting costs have not yet been estimated. CDPHE's costs to provide staff support to the board and to certify the state's exemption from the waste tire fee will be accomplished with existing appropriations of the Waste Tire Administration, Enforcement, and Cleanup Fund.

Departments of Personnel and Administration and Transportation. State agencies, which are exempted from the waste tire fee under the bill, will see cost savings. The primary agencies affected are DPA and CDOT. DPA purchases an average of 14,000 tires per year, and

will save \$15,375 in FY 2017-18 and \$7,700 in FY 2018-19. CDOT purchases an average of 1,250 tires per year, and will save \$1,281 in FY 2017-18 and \$688 in FY 2018-19. DPA's savings will occur in its Fleet Management Fund, which includes a contingency to accommodate fluctuations in volume and costs for both fuel and vehicle maintenance, and CDOT's State Highway Fund is continuously appropriated; therefore, no change in appropriations is required for either of these agencies.

Local Government Impact

Loans and rebates available to local governments previously set to expire on January 1, 2018, will continue through calendar year 2023, after which loans will continue to be available in greater amounts. The bill also allows the recipient of a loan to convert a loan to a grant if it complies with the loan terms during an initial period, which would create a potential cost savings for local governments who participate and comply. The precise impact to local governments has not been estimated in this fiscal note.

Effective Date

The bill was postponed indefinitely by the Senate Agriculture, Natural Resources, and Energy Committee on March 23, 2017.

State and Local Government Contacts

Agriculture
Law
Public Health and Environment
Transportation

Counties
Municipalities
Public Safety
Treasury

Information Technology
Personnel and Administration
Special Districts