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FISCAL NOTE

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Prime Sponsors: Sen. Todd; Coram Bill Status: Senate SVMA
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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 to \$2.00 per tire from January 1, 2020, through December 31, 2023, and recreates the End User 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 introduced 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 (Cash Funds: \$3,262,500 / \$6,525,000), Expenditures (Cash Funds: \$3,262,500 / \$6,525,000), 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). This bill increases the waste tire fee to \$2.00 per tire beginning January 1, 2020, and returns the fee to \$0.55 per tire on January 1, 2024. The bill recreates the End User Fund and rebate program which repealed January 1, 2018, and specifies that 75 percent of the waste tire fee be deposited into the fund. The remaining 25 percent will be deposited into 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 User 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. This bill increases the number of tires that must be reduced from storage to five for every tire received. The CDPHE is required to solicit public comment on its policy for waiving this specific requirement as long as the waste tire monofill owner or operator can demonstrate that it has achieved a net reduction on an annual basis of the number of waste tires in the monofill.

Background

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 \$0.55 waste tire fee will be assessed and deposited 100 percent into the Waste Tire Fund until December 31, 2019.

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**

Fiscal Year	Type of Fee	Proposed Fee Increase	Number of Tires	Total Fee Impact
FY 2019-20	Waste Tire Fee	\$1.45	2,250,000	\$3,262,500
FY 2020-21	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 \$18,000 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 takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State Appropriations

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

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

State and Local Government Contacts

Counties
Local Affairs
Transportation

Information Technology
Personnel

Law
Public Health and Environment