

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 870 (Delegate Stocksdales, *et al.*)  
Environmental Matters

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**Tire Recycling Fee - Disposition**

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This bill provides that the Comptroller must distribute the \$1.00 tire recycling fee to the counties and incorporated municipalities in proportion to the number of motor vehicle registrations in that county or municipality. A county or incorporated municipality must use the revenues from the tire recycling fee to fund scrap tire disposal and solid waste management.

The bill repeals the provision that these revenues are forwarded to the Used Tire Cleanup and Recycling Fund at the Maryland Department of the Environment (MDE), and the provision that the Comptroller may retain funds sufficient to cover the cost of administration.

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**Fiscal Summary**

**State Effect:** Special fund revenues could decrease by \$3.9 million in FY 1998; general fund revenues could decrease by \$165,000. Out-year revenue losses would annualize, and would increase to \$5.19 million in special funds and \$260,000 in general funds by FY 2002. Indeterminate decrease in special fund expenditures from the Used Tire Fund. Potential significant increase in general fund expenditures for the Comptroller's Office and MDE.

**Local Effect:** Local revenues and expenditures would increase commensurate with the State revenue losses described above.

**Small Business Effect:** Potential minimal impact on small businesses as discussed below.

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## Fiscal Analysis

**State Effect:** During fiscal 1997 it is projected that \$5.2 million in tire recycling fees will be collected by the Comptroller. Of this amount, it is anticipated that \$200,000 will be retained by the Comptroller and remitted to the general fund to cover administrative costs; the remaining \$5 million will be forwarded to the Used Tire Cleanup and Recycling Fund. Under the terms of this bill, future fee collections will be allocated to the local jurisdictions; for fiscal 1998, this will impact 75% of the revenues due to the bill's October 1, 1997 effective date.

### Projected State Revenue Loss through Tire Recycling Fees

Fiscal Year	Total Revenue	General Fund	Special Fund
1998	\$3,937,500	\$165,000	\$3,772,500
1999	\$5,300,000	\$230,000	\$5,070,000
2000	\$5,350,000	\$240,000	\$5,110,000
2001	\$5,400,000	\$250,000	\$5,150,000
2002	\$5,450,000	\$260,000	\$5,190,000

The Office of the Comptroller assumes that administrative expenditures involved in collecting and distributing the fees would have to be paid through other general fund sources. The effect on MDE expenditures would depend upon a number of factors. Expenditures from the fund currently being used for demonstration projects would presumably cease. In addition, most tire cleanup activities would also cease; however, any cleanup activities for which cost recovery can be obtained through site owners may still continue. While MDE is still required to inspect and monitor sites, it is unclear if alternative funds will be made available for these activities. MDE projects that the fund will have a \$4.4 million balance at the end of fiscal 1997. Should MDE continue to pursue these tire-related activities beyond what is feasible with this fund balance, general fund expenditures could potentially increase by an indeterminate but potentially significant amount.

**Local Effect:** Counties and incorporated municipalities will receive the revenues due to tire recycling fees as discussed above. These local jurisdictions must use the revenues from the tire recycling fee to fund scrap tire disposal and solid waste management. Therefore, it is expected that local expenditures will increase commensurate with local revenues. Local jurisdictions would receive revenues proportional to the percentage of motor vehicle registrations in that county or municipality.

**Small Business Effect:** The impact on small businesses will depend upon how the local jurisdictions utilize these funds. Currently, contracts are awarded for certain tire cleanup activities. MDE advises that the majority of these contracts are awarded to larger companies, particularly for larger cleanup sites. However, small businesses licensed as haulers receive contracts to work on smaller cleanup sites. Should the counties and municipalities continue to conduct tire cleanup activities with these funds, presumably similar contracts would be awarded. Should local jurisdictions more extensively use funds on solid waste management, the impact on small businesses would depend upon what types of activities were funded, and if these activities were bid out to private sector companies.

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**Information Source(s):** Office of the Comptroller, Maryland Department of the Environment, Department of Fiscal Services

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