

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 734 (Senator Craig)

Economic and Environmental Affairs

Referred to Environmental Matters

Scrap Tire Disposal - Use of Fund - Fee Termination

This amended bill allows the State Used Tire Cleanup and Recycling Fund to be used for emergency and fire cessation activities. Further, the bill terminates the tire recycling fee currently collected through the Comptroller's Office effective July 1, 2000.

Fiscal Summary

State Effect: Beginning in FY 2001, special fund revenues will decrease by \$5.15 million and general fund revenues and expenditures will decrease by \$250,000 due to the termination of the tire recycling fee. Potential indeterminate special fund revenue decrease through FY 2000. Indeterminate decrease in special fund expenditures; potential indeterminate increase in general fund expenditures.

Local Effect: None.

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

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, these revenues would cease beginning in fiscal 2001, as shown below:

Projected State Revenue Loss through Tire Recycling Fees

Fiscal Year	Total Revenue	General Fund	Special Fund
2001	\$5,400,000	\$250,000	\$5,150,000
2002	\$5,450,000	\$260,000	\$5,190,000

The long-term 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. Should MDE continue to pursue these tire-related activities, general fund expenditures could increase by an indeterminate but potentially significant amount.

Small Business Effect: 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. Under this bill, such cleanup activities would decrease as revenues available to the State Used Tire Cleanup and Recycling Fund decrease. It cannot be estimated at this time how many sites would still be cleaned up. It is not expected that the suspension of the \$1 tire fee would have a significant impact on tire dealers.

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

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