

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 799 (Delegates Owings and O'Donnell)

Environmental Matters

State Used Tire Cleanup and Recycling Fund - Mosquito Control

This bill expands the required uses of the Used Tire Cleanup and Recycling Fund to include, subject to the appropriation process in the annual operating budget, mosquito control costs when requested by a unit of local government. Mosquito control costs may not exceed 25% of the maximum limits of the fund.

Fiscal Summary

State Effect: Special fund expenditures for mosquito control could total up to \$3.75 million annually upon request by local governments. No effect on revenues.

Local Effect: Potential meaningful. Local governments involved with mosquito control projects would, upon request, be eligible to receive funds for those projects, up to a total of \$3.75 million annually beginning in FY 2001. However, because the tire fee expires at the end of FY 2000, no revenue to the fund is anticipated after June 30, 2000. Assuming the fund is used for currently planned projects and that \$3.75 million annually is used for mosquito control projects, Legislative Services estimates that, without additional appropriations, the fund balance will be depleted sometime during FY 2002.

Small Business Effect: None.

Analysis

Current Law: A tire recycling fee of up to \$1 is required to be imposed by a tire dealer on the first sale of a new tire in the State. The fee is collected by the Comptroller who is required to forward all fees, less the costs of administration, to the Used Tire Cleanup and Recycling Fund. The fund can only be used for specified activities. Chapter 627 (SB 734) of 1997 expanded the allowable uses of the fund and provides that the tire recycling fee terminates on July 1, 2000. The fund is limited to a maximum of \$15 million. If the sum of unallocated funds and the projected fees for the next fiscal year exceeds that amount, the Board of Public Works is required to adjust the fees for the next fiscal year.

Background: Chapter 667 of 1989 established the State Used Tire Cleanup and Recycling Fund within the Maryland Department of the Environment (MDE) to support activities related to the cleanup of stockpiled scrap tires and for the collection, transportation, recycling, and processing of scrap tires in the State. The tire recycling fee generates approximately \$5.1 million annually, most of which is deposited into the fund. In recent years, the fund has had a substantial balance. According to MDE, the implementation of tire-related projects has occurred more slowly than anticipated. In fiscal 1997, the fund balance was adequate enough that \$7 million was transferred to the general fund to support other environmental activities. In fiscal 1999, the beginning fund balance was almost \$8.5 million. In fiscal 2000, the beginning fund balance was approximately \$9.5 million. The projected ending fund balance for fiscal 2000 is almost \$11 million.

According to MDE, through fiscal 1999, MDE had recovered a total of 7.1 million scrap tires from nearly 300 illegal stockpiles in the State. An estimated 1.2 million scrap tires currently remain at 72 sites. Although 1 million tires are expected to be recovered during fiscal 2001 and 2002, MDE advises that new sites are being added to the cleanup list regularly. In addition to stockpile cleanups, the special fund is used to support other projects including the cleanup of scrap tires on publicly owned land, the Scrap Tire Amnesty Day program to collect scrap tires from residents, the construction of landfills using recycled tires, the development of a scrap tire projects catalog, and the construction of scrap tire playgrounds.

State Fiscal Effect: Special fund expenditures could increase by up to \$3.75 million annually beginning in fiscal 2001 by providing that up to 25% of the maximum limits of the fund (\$15 million) be used for mosquito control costs when requested by a unit of local government. The actual expenditures will depend on the extent to which such requests are made.

The estimated fiscal 2000 ending fund balance is approximately \$11 million. Because the tire fee expires at the end of June 30, 2000, which is unchanged by the bill, no revenue to the fund is anticipated after that date. Based on estimated spending of currently allowed uses,

without additional appropriations, the fiscal 2000 ending fund balance is estimated to be depleted sometime during fiscal 2003. Legislative Services advises that if the maximum amount provided by the bill (\$3.75 million annually) is directed to mosquito control projects and all other projects continue as planned, it is estimated that the fund will be depleted sometime during fiscal 2002.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of the Environment; Caroline, Howard, Montgomery, and Prince George's counties; Baltimore City; Department of Legislative Services

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jir/jr

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