

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 316 (Delegates Owings and Oaks)
Environmental Matters

Department of the Environment - State Used Tire Cleanup and Recycling Fund

This bill provides that the State Used Tire Cleanup and Recycling Fund within the Maryland Department of the Environment (MDE) may be used, with the approval of the Board of Public Works, to provide financial assistance through the Maryland Environmental Service (MES) for the research and development of methods to reduce, recover, and recycle scrap tires.

Fiscal Summary

State Effect: None. MDE already has the authority to use the fund for the purpose specified in the bill.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A tire recycling fee of up to \$.40 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's Office, which forwards all fees, less the cost of administration, to the State Used Tire Cleanup and Recycling Fund administered by MDE. MDE is directed to use the fund only for: (1) removal, restoration, emergency, or remedial action; (2) activities related to scrap tire recycling programs, including research and other specified activities; and (3) with the approval of the Board of Public Works, providing financial assistance through MES for projects approved by MDE to reduce, recover, and recycle scrap tires, and

providing financial assistance to MES for costs related to the implementation of scrap tire recycling systems.

Background: Chapter 667 of 1989 established the State Used Tire Cleanup and Recycling Fund 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 fund was originally supported through a tire recycling fee of up to \$1 assessed by a tire dealer on the first sale of each new tire in the State. Chapter 627 of 1997 expanded the allowable uses of the fund and provided that the tire recycling fee terminated on July 1, 2000. The fund was limited to a maximum of \$15 million. If the sum of unallocated funds and the projected fees for the next fiscal year exceeded that amount, the Board of Public Works was required to adjust the fees for the next fiscal year.

Despite those limitations, the fund had a substantial balance. According to MDE, the implementation of tire-related projects 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 2000, the beginning fund balance was approximately \$9.5 million, which grew to \$11.4 million at the beginning of fiscal 2001. In response to concerns about the significant fund balance and the delay in implementing tire-related projects, Chapter 235 of 2000 reduced the tire fee to a maximum of \$.40 through fiscal 2004, after which the fee returns to \$1. Further, the bill reduced the maximum limit of the fund to \$10 million, clarified the allowable uses of the fund, and required MDE to accelerate expenditures from the fund. In fiscal 2001, MDE spent \$7.1 million from the fund, resulting in a fund balance of \$6.2 million at the end of fiscal 2001.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of the Environment, Maryland Environmental Service, Department of Legislative Services

Fiscal Note History: First Reader - February 10, 2003
mdf/jr

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