

Department of Legislative Services
 Maryland General Assembly
 2010 Session

FISCAL AND POLICY NOTE

House Bill 18 (Delegate Hubbard)
 Environmental Matters

Environment - Lead Wheel Weights - Prohibited

This bill (1) phases out the sale and use of lead wheel weights; (2) requires the Maryland Department of the Environment (MDE) to adopt regulations that create a list of environmentally safe lead-free wheel weights; and (3) requires the State to ensure its vehicle fleet is free of lead wheel weights by January 1, 2012.

Fiscal Summary

State Effect: General fund expenditures increase by \$177,400 in FY 2011 for MDE to implement the bill. State expenditures (all funds) may increase minimally at various State agencies beginning in FY 2012 to retrofit vehicle fleets in compliance with the lead wheel weight ban. The bill’s penalty provision is not anticipated to significantly affect State revenues.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	177,400	188,800	195,500	202,600	209,900
GF/SF/FF Exp.	0	-	-	-	-
Net Effect	(\$177,400)	(\$188,800)	(\$195,500)	(\$202,600)	(\$209,900)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local expenditures may increase minimally beginning in FY 2013 to retrofit vehicle fleets in compliance with the lead wheel weight ban.

Small Business Effect: Minimal increase in costs for small business motor vehicle or tire manufacturers, wholesalers, retailers, repair facilities, and other wheel weight installers; some or all of the increase in costs may be passed to customers through higher prices. Small businesses engaged in the recycling of lead may benefit.

Analysis

Bill Summary: The bill prohibits a motor vehicle or tire manufacturer, wholesaler, or retailer, motor vehicle repair facility, or any other person who installs wheel weights from using or selling an externally attached lead wheel weight over 0.1% lead by weight during the first tire installation, replacement, or balancing. This prohibition applies to all used vehicles registered in the State beginning January 1, 2013, and for all new vehicles registered in the State beginning January 1, 2014.

By January 1, 2011, MDE, in consultation with other appropriate State agencies, must establish by regulation a list of approved environmentally safe lead-free wheel weights that are available for purchase. If a wheel weight is removed from the list of approved wheel weights, the prohibition against the use or sale of that type of wheel weight must be phased in over a two-year period. Beginning July 1, 2011, and at least every two years thereafter, MDE must update the list and any other regulations adopted under the bill. In addition, MDE must inform the businesses regulated under the bill about all regulatory requirements.

Lead wheel weights removed and collected in compliance with the bill must be properly recycled. An entity that violates the provisions of the bill is to be issued a warning by MDE and offered compliance assistance. However, if the violation continues for a year after receipt of MDE's warning, the entity is subject to a civil fine of up to \$1,000 for each subsequent offense.

The bill also requires the State to ensure that, beginning January 1, 2012, no vehicle in the State fleet is equipped with an externally attached lead wheel weight of greater than 0.1% lead by weight.

Current Law: Lead is currently regulated in several forms by the MDE Lead Poisoning Prevention Program. However, this program is primarily concerned with the prevention of lead poisoning in children through regulation of lead-containing children's products and lead dust in homes.

Background: Wheel weights are attached to the rim of a vehicle's wheels in order to provide balance to the wheel and tire. Traditionally, nearly all wheel weights were made of lead. However, following the release of several studies in recent decades documenting the magnitude of environmental exposure from uncontrolled lead wheel weights, a number of automobile and related parts manufacturers began to utilize alternative substances such as steel, zinc, and other metallic alloys. Exposure to lead in the environment has a number of effects on human health including neural and reproductive system disorders. The U.S. Environmental Protection Agency (EPA) estimates that about

13% of all lead wheel weights, or about 12.5 million pounds of lead, have been lost during normal driving conditions and exposed to the environment.

EPA administers the National Lead Free Wheel Weight Initiative to encourage the transition from lead wheel weights through public education and industry outreach. The initiative includes every major car manufacturer, several lead wheel weight producers, and a number of domestic tire retailers.

In August 2009, EPA approved a petition from several environmental and lead-free advocacy groups to initiate a proceeding to ban the manufacture and distribution of lead wheel weights under authority set out in the Toxic Substances Control Act (TSCA). This represents a reversal of EPA's previous stance, following a rejection of a similar petition in 2005. However, development of an EPA rulemaking in response to a petition to regulate or ban a chemical substance under section 6 of TSCA may take a year or longer to finalize.

Legislation has also been introduced in a number of states to phase out lead wheel weights or to ban their use in state vehicle fleets. Vermont enacted a lead wheel weight phase-out and a retrofit of its state vehicle fleet in 2008, and Maine and Washington enacted bans of lead wheel weights, which will take effect in 2010 and 2011, respectively.

State Expenditures: General fund expenditures increase by \$177,394 in fiscal 2011, which accounts for the bill's October 1, 2010 effective date. This estimate reflects the cost of hiring one contractual natural resources planner, two contractual environmental compliance specialists, and one contractual administrative specialist to implement the bill. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

	<u>FY 2011</u>
Positions (Contractual)	4
Salaries and Fringe Benefits	\$110,580
Start-up Costs and Operating Expenses	<u>66,814</u>
Total FY 2011 State Expenditures	\$177,394

Future year expenditures reflect full salaries with 4.4% annual increases and 6.8% employee turnover and 1% annual increases in ongoing operating expenses.

Legislative Services advises that, within several years from the date of the phase out under the bill, and likely earlier if the federal wheel weight ban is implemented, the contractual positions may no longer be needed.

State expenditures (all funds) may also increase minimally at various State agencies to procure lead-free wheel weights made of alternative metals such as steel or zinc. Estimates of the additional cost of these lead-free alternatives are about 25% to 30%, which is projected to decrease significantly as economies of scale are achieved. The Department of Budget and Management advises that there is no additional labor or operational cost anticipated to replace wheel weights with lead-free alternatives because the retrofits can be accomplished within the existing maintenance schedules for State vehicle fleets. Thus, the only additional cost is for procurement of the lead-free wheel weight alternatives.

Local Expenditures: Similarly, expenditures for local governments may increase minimally to procure lead-free wheel weight alternatives. Baltimore City estimates a 30% cost increase, with no additional labor or operational costs as the retrofit is implemented under the current maintenance schedule. Kent County advises that there is not likely to be a significant fiscal impact; Montgomery County advises that the cost to comply with the bill is *de minimis*; Washington County estimates a cost of about \$7,700; and Worcester County estimates additional costs of between \$500 and \$700 annually.

Additional Information

Prior Introductions: HB 763 of 2009 received an unfavorable report from the House Environmental Matters Committee.

Cross File: None.

Information Source(s): Baltimore City; Kent, Montgomery, Washington, and Worcester counties; Department of Budget and Management; Maryland Department of the Environment; Department of General Services; Northeast Maryland Waste Disposal Authority; Maryland Department of Transportation; U.S. Environmental Protection Agency; The Ecology Center; Department of Legislative Services

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Analysis by: Evan M. Isaacson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

