

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 631** HLS 16RS 616

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 17, 2016	11:18 AM	Author: MIGUEZ
Dept./Agy.: Environmental Quality		Analyst: Matthew LaBruyere
Subject: Waste Tires		

ENVIRONMENT/WASTE TIRES EG INCREASE SD RV See Note Page 1 of 1
Provides for types of tires and penalties for failure to comply with the Waste Tire Program

Present law defines "motor vehicle". Proposed law retains present law and adds all-terrain vehicle and utility terrain vehicle to the definition. Present law defines a "passenger/light truck/small farm service tire". Proposed law adds tires used on all-terrain vehicles and utility terrain vehicles to the definition. Present law provides that \$2 per passenger/light truck tire, \$5 per medium truck tire, and \$10 per off-road tire be collected for every tire sold. Present law defines "tire" as a continuous solid or pneumatic rubber covering encircling the wheel of a motor vehicle or off-road vehicle. Proposed law retains present law and adds spare tires to the definition of tire. Proposed law authorizes the secretary to impose a delinquent fee of 10% of the unpaid fee or \$25, whichever is greater on any person failing to timely remit waste tire fees. Proposed law also imposes a delinquent fee of \$25 upon any person failing to timely submit a required monthly waste tire fee report. Proposed law dedicates the proceeds from the delinquent fee provided for in proposed law to special waste tire projects as determined by the secretary. Proposed law requires any such proceeds remaining at the end of the fiscal year that have not been used for special projects be deposited in the Waste Tire Management Fund.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$250,000	\$250,000	SEE BELOW	SEE BELOW	SEE BELOW	\$500,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$250,000	\$250,000				\$500,000

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

The proposed legislation will result in an increase in statutory dedicated expenditures as a result of granting the Department of Environmental Quality (DEQ) the authority to impose delinquent fees for non-timely remittance of fees. The increase in expenditures is due to updating the current accounting system within the department to collect the delinquent fees. The cost of the increase is projected to be \$250,000 in FY 17 and FY 18 for a total expenditure of \$500,000. The legislation allows the department to use delinquent fee proceeds for special waste tire projects as determined by the secretary. DEQ has indicated the special project in FY 17 and FY 18 would be to update the accounting system. The cost will be paid from the Waste Tire Management Fund. Any future special waste tire projects are unknown at this time.

The project will begin in the last quarter of FY 17 and finish in the first quarter of FY 18, a total project time of 6 months. Based on information provided by the Office of Technology Services, the vendor for LAGOV would spend 2,550 hours working on the project. Personnel from the vendor to complete the project include a project manager at a rate of \$240 per hour for 240 hours, a sales and distribution consultant at a rate of \$192.50 per hour for 1,000 hours, a developer at a rate of \$185 per hour for 1,000 hours and a financial consultant at a rate of \$210 per hour for 310 hours.

REVENUE EXPLANATION

The proposed legislation will result in an increase in statutory dedicated revenue for the Waste Tire Management Fund as a result of adding spare, all-terrain vehicle (ATV) and utility terrain vehicle (UTV) tires to the list of eligible waste tires and by imposing delinquent fees for non-timely remittance of fees.

By adding ATV and UTV tires to the definition of "passenger/light truck/small farm service" tires, DEQ would receive \$2 for each tire sold for an all-terrain vehicle and utility terrain vehicle. DEQ estimates approximately 17,000 UTVs and ATVs are sold annually which would generate \$136,000 (17,000 ATV/UTV sales x \$2 tire fee x 4 tires per vehicle) in tire fees annually. DEQ also estimates there are approximately 134,000 spare tires purchased annually. To the extent the \$2 fee would now apply to spare tires, the department would collect \$268,000 annually. The total annual fee collections would be \$404,000 for adding these tires to the waste tire fees.

By imposing a fee of 10% of the unpaid fee or \$25, whichever is greater, on those who do not remit tire fees on time, the department could generate approximately \$185,000 in FY 17 based on historical data. According to information provided by DEQ, over a 3 year period there is an annual average of 5,136 late filers that remit an average of \$1.1 M. In addition, the department could impose a \$25 fee for failure to submit a monthly waste tire report. Based on historical data for late reports, the department would generate approximately \$17,000 per year. It should be noted that the department expects delinquent fees to decrease in subsequent fiscal years as fewer filers would be delinquent in remitting tire fees. The exact decrease in future fiscal years is unknown, but the department will still collect some delinquent fees.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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