



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 456** HLS 20RS 857
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 13, 2020 1:15 PM	Author: LANDRY
Dept./Agy.: Environmental Quality	Analyst: Rebecca Robinson
Subject: Waste Tire Fees	

ENVIRONMENT/WASTE TIRES OR +\$2,893,975 SD RV See Note Page 1 of 1
 Provides for fees imposed for waste tire disposal

Proposed legislation increases the fees levied on the purchase of tires for passenger vehicles and light trucks (\$2.25 to \$3.00), medium trucks (\$5 to \$7), and off-road tires (\$10 to \$20).

Increases the fees paid to permitted waste tire processing facilities. Currently, DEQ pays processors 7.5 cents per pound of material. Under the proposed legislation, DEQ would pay processors that produce crumb rubber 9.5 cents per pound, and 7.5 cents per pound for those that produce waste tire chips at the minimum required under current law.

Effective October 1, 2020.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	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						
REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$2,893,975	\$3,858,633	\$3,858,633	\$3,858,633	\$3,858,633	\$18,328,507
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	\$2,893,975	\$3,858,633	\$3,858,633	\$3,858,633	\$3,858,633	\$18,328,507

EXPENDITURE EXPLANATION

There will be an indeterminate increase in expenditures from the statutorily dedicated Waste Tire Management Fund as a result of this measure. DEQ reports that the number of tires sold closely mirror the number processed and submitted to the department for payment. DEQ currently pays waste tire processors 7.5 cents per pound of recycled material. If the processors continue to submit projects with similar material requirements, then the increase in processor payments could be an estimated \$61,406 annually. DEQ paid waste tires processors an estimated \$10.2M for FY 19 and an estimated \$7M for YTD FY 20.

However, DEQ is unable to accurately forecast the mix of waste tire chips that would be submitted by processors for payment in any given year. If processors submit projects to be paid at higher rates, the payments could be as high as \$13,889,516 annually, representing an increase of approximately \$2.9M. However, it is unlikely that 100% of the projects submitted would be submitted at the higher rate. Potential payments at different product mixes are listed below, although DEQ reports that the most likely scenario is the 10% crumb/90% minimum.

<u>Crumb rubber/9.5 cents</u>	<u>Minimum/7.5 cents</u>	<u>Total Potential Payment</u>	<u>Increase in Payment</u>
75%	25%	\$13,059,207	\$2,176,535
50%	50%	\$12,333,695	\$1,451,023
25%	75%	\$11,608,184	\$725,512
10%	90%	\$11,172,877	\$290,205

REVENUE EXPLANATION

There will be an increase in revenues to the statutorily dedicated Waste Tire Management Fund as a result of this measure. Based on average tire sale data from FY15-FY19, DEQ will collect an estimated \$16,988,533 annually, which represents an increase of \$3,858,633. The proposed legislation would be effective October 1, 2020, which would provide for 9 months of collections, for an increase of \$2,893,975 for FY21. DEQ estimates collections to stay steady over the next five years.

<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 checked="" 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}

Evan Brasseaux

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