



**House
Legislative
Analysis
Section**

Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

SCRAP TIRE DISPOSAL

AS ENROLLED

**House Bill 4276 as passed by the House
Sponsor: Rep. Michael Nye**

**House Bill 4832 as passed by the House
Sponsor: Rep. Burton Leland**

First Analysis (12-15-95)

**Committee: Conservation, Environment,
and Great Lakes**

THE APPARENT PROBLEM:

According to the Department of Environmental Quality (DEQ), more than 240 million scrap tires are generated each year nationwide. Of these, Michigan's share approximates some 7 million. Disposal of unwanted tires is an enormous problem. Thousands end up in fields, ravines, and alleys. Of equal importance, scrap tires are difficult to dispose of in landfills because they tend to float to the surface. On the other hand, stockpiling them results in public health, environmental, and aesthetic problems. Consequently, the DEQ has emphasized recycling in its scrap tire regulatory program. This means the reuse of tires by having them retreaded; and the reuse of rubber for the production of rubber products, paving, or combustion for energy recovery.

Michigan's scrap tire cleanup program is now in its fifth year. Public Act 133 of 1990 created the Scrap Tire Regulatory Act to impose restrictions on the disposal of scrap tires, and to create a Scrap Tire Regulatory Fund. Companion legislation, Public Act 148, amended the Michigan Vehicle Code to impose a 50 cent "tire disposal" surcharge on each vehicle title, or duplicate title, sold by the state. Money generated from the surcharge is deposited into the Scrap Tire Regulatory Fund, and is distributed as follows: up to half of the money is used annually for the administrative costs of running the program, including the salaries of inspectors and support staff; the rest of the money is distributed as grants for the clean-up or collection of abandoned scrap tires on public land (land owned by the state, or by a county, township, city, or village).

Collection of the tire disposal surcharge began on January 1, 1991, when the legislation went into effect, and is scheduled to end on January 1, 1996. However, the Natural Resources Commission (NRC) adopted a resolution on April 13, 1995, recommending that

legislation be introduced to continue the program. The NRC resolution also recommended that additional funds be provided for grants to private property owners for the estimated 20 million scrap tires that have accumulated on private property.

THE CONTENT OF THE BILLS:

House Bill 4276 would amend the Natural Resources and Environmental Protection Act (MCL 324.1601 and 324.16908) to allow funds to be appropriated from the Scrap Tire Regulatory Fund to clean up tires illegally dumped on private, as well as on public, land. More specifically, the bill would strike the provision restricting the use of money from the fund to the clean up of abandoned scrap tires only on land owned by the state or a local unit of government. Instead, the bill would define "abandoned scrap tires" (which would mean an accumulation of scrap tires on property where the property owner had been determined by the Department of Environmental Quality not to be, in whole or in part, responsible for the accumulation of the scrap tires; someone who bought or willingly took possession of an existing scrap tire collection site would be considered by the department to be responsible, in whole or in part, for the accumulation of the scrap tires), and would allow money from the fund to be used for the cleanup or collection of abandoned scrap tires and scrap tires accumulated before January 1, 1991, at collection sites.

House Bill 4832 would amend the Michigan Vehicle Code (MCL 257.806) to extend for five more years the current 50 cents tire disposal surcharge that is required to be paid on each vehicle title and that is deposited into the Scrap Tire Regulatory Fund. Instead of ending on January 1, 1996, the tire disposal surcharge would continue until January 1, 2001.

House Bills 4276 and 4832 (12-15-95)

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, House Bills 4276 and 4382 would have no impact on state funds. (12-11-95)

ARGUMENTS:

For:

The disposal of used scrap tires is expensive, problematic, and sometimes raises environmental and public health concerns. In response to the problem, the Department of Environmental Quality (DEQ) put in place a system of regulatory controls under the Scrap Tire Regulatory Act to provide the state with funds to oversee and clean up abandoned scrap tire collection sites, and to allow private market solutions to develop. The act prohibits individuals from discarding scrap tires on property other than their own without prior written permission from the property owner. The act also provides for the registration of scrap tire collection site owners, and sets up three levels of scrap tire storage facilities, each with its own storage requirements. The three levels represent collection sites with less than 2,500 tires; those with 2,500 to 100,000 tires; and those with 100,000 tires or more. The act also provides that a person who sells tires at retail and who contracts for the removal of scrap tires must contract with a hauler who is registered under the act.

The scrap tire regulatory program has apparently been successful in cleaning up abandoned scrap tires on public land, since fewer and fewer municipalities are applying for grants (of the \$500,000 appropriated for the program for the past fiscal year, only \$278,000 was actually spent). However, there remains the problem of the millions of scrap tires that have been illegally discarded on private property over the years. The provisions of the bills would expand cleanup efforts so that the fire and health hazards associated with these tires is addressed. However, in accordance with the DEQ's position that the state should not be required to pay for tires accumulated after the 1990 act -- since it clearly outlined the responsibilities of those who handle scrap tires -- the provisions of the bills would not apply to scrap tires that had accumulated after January 1, 1991. (Note: abandoned tires on public sites were counted in a 1990 survey conducted by the department, so any tires that were added to stockpiles after the date of the survey would not be included in cleanup efforts).

Against:

In testimony before the House Conservation, Environment, and Great Lakes Committee, representatives of the tire recycling industry expressed

concerns ranging from apprehension that money received by the DEQ from the Scrap Tire Regulatory Fund is not spent on tire cleanup programs, to the fact that several companies have applied for but have been refused permits to operate co-generator plants that would burn rubber.

Response:

The concerns raised by representatives of the tire recycling industry were acknowledged by the House Conservation, Environment, and Great Lakes Committee, and a subcommittee has been appointed to study the issues.

Against:

It would seem that less money should be spent on administrative costs and more on cleanup efforts. For example, fifty percent of money appropriated from the Scrap Tire Regulatory Fund to the DEQ is spent on administrative costs. This percentage is almost ten times more than the administrative costs of the Environmental Protection Bond Fund.

Response:

The money allocated for DEQ administrative costs is moderate when one considers that it is actually used for personnel costs for inspectors and support staff, and not for executive employees. Section 8 of Part 169 of the Natural Resources and Environmental Protection Act (MCL 324.16908) specifies that money from the Scrap Tire Regulatory Fund is to be used for, among other purposes, the employment of 13.5 full-time equated positions (FTEs) in the DEQ. To date, eleven FTEs have been hired by the DEQ to administer the scrap tire program. Further, the allocation is not excessive when compared to that of the Environmental Bond Fund. Since that fund is so much larger than the Scrap Tire Regulatory Fund, it is to be expected that its administrative costs would equal a smaller percentage.

Against:

Additional funds are needed to provide grants to private property owners for the cleanup of abandoned scrap tires, and also to increase the DEQ staff employed to enforce the scrap tire cleanup program. The department has estimated that some 20 million scrap tires have been abandoned or collected on private lands in the state, and that it would take approximately 40 years at the current funding level to remove them. A resolution adopted by the Natural Resources Commission in support of extending the scrap tire program recommended that additional funding be provided for their cleanup. Consequently, a provision for the funding was included in the original version of House Bill 4382: in addition to extending collection of the tire disposal surcharge for five additional years, the bill would have increased the surcharge by \$1 for each

certificate of title. This provision should be reinstated.

POSITIONS:

Representatives from the following agencies or groups testified in support of the bills (12-5-95):

- * The Department of Environmental Quality
- * Environmental Tire Recycling, Inc.
- * The Michigan Municipal League

The Michigan Tire and Vehicle Service Association, a division of the Michigan Retailers Association, supports the bills. (12-11-95)

National Rubber supports the bills. (12-11-95)

Tire Recovery, Inc., supports the bills, but suggests that the 50 cent tire disposal surcharge on each vehicle title be increased. (12-11-95)

Representatives from the Michigan Scrap Tire Recycling Association and Westside Auto Parts testified in opposition to House Bill 4832. (12-5-95)

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.