



House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

SCRAP TIRE DISPOSAL

House Bill 4501 and 4502

Sponsor: Rep. Michael Switalski

Committee: Conservation and Outdoor
Recreation

Complete to 8-10-00

A SUMMARY OF HOUSE BILLS 4501 AND 4502 AS INTRODUCED 4-20-99

The bills would amend the Natural Resources and Environmental Protection Act (MCL 324.17001 et al.) to establish a scrap tire recovery program and to permit the Department of Environmental Quality (DEQ) to disburse grants from a proposed Scrap Tire Recovery Fund as reimbursement to qualified scrap tire dealers who established markets for scrap tire reuse. House Bill 4501 would specify that an economically attractive alternative to landfilling and stockpiling needs to be established to enhance current and future markets for scrap tire reuse to ensure that their value is recovered, and would propose financial assistance to create these markets and develop and operate scrap tire recovery activities. The proposal would include a scrap tire reimbursement grants program, under which an end user (defined as a person who utilizes the heat content or other form of energy from the incineration, combustion, or pyrolysis of scrap tires, or the last person to use the tires, chips, crumb, or similar materials to make a product with economic value) who met the following conditions could apply for a scrap tire reimbursement grant from the DEQ: at least 95 percent of the scrap tires used or processed had been generated in Michigan; the scrap tires had been used or processed for those uses identified as "eligible" under the bill (see below); and the applicant had received advance certification from the DEQ, as specified under the provisions of House Bill 4502. The bills are tie-barred to each other.

House Bill 4501

Scrap Tire Reimbursement Grants Program. Under the bill, a scrap tire end user or a processor would have to meet the following requirements to be eligible for a grant: the eligible use or processing would have to be conducted after the bill's effective date, and the scrap tires could not originate from collection sites where state funds had been used to contract for the cleanup.

Eligible Uses. The following uses of scrap tires would constitute eligibility for a scrap tire reimbursement grant:

**Energy recovery, including combustion of whole tires, shredded tires, or the combustible by-products of pyrolysis that are used to produce electricity, steam, or heat.

**Pyrolysis of scrap tires, including the production of combustible by-products or other salable products.

**Highway improvements, including the use of scrap tire chips or crumb physically blended with another material, such as asphalt.

**Recycling of scrap tire strips, shreds, or crumb to manufacture a new product. The new product could be produced by physical or chemical processes such as any of the following: weaving from strips of scrap tires; stamping out products from the tire casing; or physically or chemically bonding scrap tire chips or crumb with another material to form a new product, such as a mat.

**Other uses that had a market impact, as determined by the DEQ, and that did not threaten the environment or public health or safety.

Non-eligible Uses. Uses that would not be eligible for a scrap tire reimbursement grant would include any of the following: land disposal; reuse as a vehicle tire; retreading; use for erosion control or as a riprap material; use of tire buffings generated during retreading operations; use of whole or split tires for tire fences, barriers, dock and racetrack bumpers, ornamental planters, agricultural uses such as raised beds, playground equipment, or such uses for which the user incurred little or no cost and the use did not take place within a market; and other uses which, in the DEQ's opinion, might threaten the environment or public health or safety.

House Bill 4502

Scrap Tire Recovery Fund. A fund would be established, under House Bill 4502, which could receive money or other assets from any source. Money from the fund could be expended by the DEQ, upon appropriation, for scrap tire reimbursement grants only. In order to receive grants from the fund, scrap tire end users and processors would have to apply for, and receive, advance certification, and comply with certain conditions.

Application for Advance Certification. Under the bill, applications would have to be submitted annually certifying that a proposed scrap tire use would be eligible for a grant in that year. Applications would have to be submitted to the DEQ by March 1 of the calendar year for which advance certification was sought, or within 60 days after the bills' effective date. However, advance certification would not guarantee that an applicant would receive a grant for scrap tires used in a calendar year. At the time an application was submitted, the burden of proof would be on the applicant to document that the use for the grant had actually taken place and corresponded to the use described in the advance certification.

An application form would have to include documentation that the applicant was an eligible end user or processor of scrap tires; descriptions of the proposed use and proposed source of the tires, as specified under House Bill 4501; an estimate of the total number of pounds of scrap tires to be used or processed in the calendar year; and other information requested by the DEQ.

An application for advance certification would not be considered complete until any additional information requested by the department had been received. The department would have 30 days after receipt to request this. The DEQ would be required to issue an advance certification within 60 days of receipt if it were determined that the applicant was eligible (i.e., that all of the following had been established):

- That the applicant was an eligible end user or processor and the use being proposed qualified as an eligible use under the provisions of House Bill 4501.

- That the applicant could document that at least 95 percent of the scrap tires used were generated in Michigan.

- That the applicant could document the number of pounds of scrap tires to be used or processed.

In addition, the DEQ could require an applicant to resubmit an application for advance certification during the calendar year to ensure that a use continued to be eligible for a grant.

Eligibility for a Scrap Tire Reimbursement Grant. A scrap tire end user or processor who had obtained advance certification could submit an application for a grant to the DEQ by March 1 of the calendar year following the one in which the tires were used. The application would have to contain acceptable documentation -- including receipts, records or billings -- of the net pounds of scrap tires processed and used for tire-derived fuel; for incineration of whole tires producing process heat, steam, or electricity; for pyrolysis plants producing electricity or process heat or steam; for pyrolysis technologies producing combustible hydrocarbons and other salable products; for end users of tire strips, chunks, rubber chips, crumb, and the like in the manufacture of another product; for end users of tire chips in rubberized asphalt, or as roadbed material, driveway cover, and other highway improvements; and for processors of scrap tires. An applicant would also be required to provide any other necessary information that was required by the DEQ to determine whether the proposed use was in accordance with the provisions of the bill and the rules promulgated under it. The DEQ could require, within 30 days of receipt, that the applicant supply additional information to complete the application. An application would not be considered completed until the additional information had been received.

Grant Payments. By July 1 of each year, the DEQ would be required to calculate the total dollar amount of eligible reimbursement requested by grant applicants at \$.01 per pound, and make payment in that amount to applicants to the extent that funds were available. If a sufficient amount of money wasn't available to issue grants at that level, the DEQ would have to reduce the amount of each grant proportionately.

Audits. For a period of three years after a grant had been received, a grant applicant would be subject to audit by the DEQ, and would have to allow the department access to all records during normal business hours to determine compliance with the provisions of the bill.

Analyst: R. Young

■ 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.