

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 23, 2011

TO: Honorable Wayne Smith, Chair, House Committee on Environmental Regulation

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB405 by Quintanilla (Relating to the storage, transportation, and disposal of tires; providing criminal penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB405, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>New General Revenue Dedicated</i>	Probable Savings/ (Cost) from <i>New General Revenue Dedicated</i>	Probable Savings/ (Cost) from <i>Waste Management Acct 549</i>	Change in Number of State Employees from FY 2011
2012	\$65,262,000	(\$45,289,000)	(\$607,589)	10.0
2013	\$72,762,000	(\$51,823,000)	(\$498,963)	9.5
2014	\$74,363,000	(\$52,958,000)	(\$498,963)	9.5
2015	\$76,000,000	(\$54,118,000)	(\$498,963)	9.5
2016	\$77,672,000	(\$55,304,000)	(\$498,963)	9.5

Fiscal Analysis

The bill would establish requirements for the transportation, storage and disposal of waste tires. The Texas Commission on Environmental Quality (TCEQ) would be required to adopt forms and procedures for the registration, permitting, and reimbursement processes authorized by the bill.

The bill would require persons who store more than 500 scrap or used tires or who transport used or scrap tires to register with the TCEQ. The disposal of used or scrap tires at facilities not permitted by the TCEQ would be prohibited.

The bill would require a person selling new or used tires to collect a fee of \$4 for each passenger tire

and \$10 for each commercial tire at the time of the sale. Fees collected would be sent to the Comptroller's Office for deposit to a new General Revenue-Dedicated Waste Tire Recycling Account. Money in the account would be used for reimbursements, administrative costs, and incentive programs.

The bill would require a generator sending a scrap tire to a storage site or disposal facility to pay \$2.50 for each passenger tire and \$7.50 for each commercial tire. The Comptroller's Office would then reimburse the generator \$3 for each passenger tire and \$8.50 for each commercial tire upon application to the Comptroller.

The bill would provide criminal penalties for violations of laws and rules relating to the storage, transportation, and disposal of used or scrap tires.

Methodology

Revenue to and reimbursements out of the new General Revenue-Dedicated Waste Tire Recycling Account shown in the table above were provided by the Comptroller of Public Accounts and are based on the number of motor vehicle registrations and adjusted for the number of vehicles purchasing new or used tires, multiplied by the amount of the fee for both passenger and commercial vehicles and extrapolated through fiscal year 2016. Revenues would range from \$65.3 million in fiscal year 2012 to \$77.7 million in fiscal year 2016, while reimbursements would range from \$44.9 million in fiscal year 2012 to \$55.1 million in fiscal year 2016.

It is estimated that the Comptroller would require 2.0 FTEs in fiscal year 2012 and 1.5 FTEs in future years to implement the new tire sales fee, including the creation of new tire sales forms, fee system program changes, maintenance and security controls. Included in fiscal year 2012 costs is a one-time technology cost of \$132,000 for programming maintenance and project management. Administrative costs to the Comptroller of \$419,000 in fiscal year 2012 and \$239,000 in subsequent years are included, along with reimbursement payments, in the amount shown in the table above as a cost out of the new General Revenue-Dedicated Waste Tire Recycling Account, because such administrative costs are authorized in the bill.

The TCEQ expects that the bill's increased requirements for scrap and used tires may increase the number of complaints against noncompliant generators and transporters, thereby increasing the need for additional investigations by the TCEQ. It is estimated that a total of 8.0 additional FTEs would be needed by the TCEQ to implement and manage the requirements of the bill including: revision of existing forms and procedures, development of the reimbursement process, processing of applications, respond to complaints, and conduct investigations and enforcement. The additional administrative and enforcement costs to TCEQ are estimated to be \$607,589 in fiscal year 2012 and \$498,963 in future years. Since the bill does not provide funding for the TCEQ out of the new Waste Tire Recycling Account, it is assumed that funding for TCEQ's additional costs would be provided by the existing General Revenue-Dedicated Waste Management Account No. 549 (as indicated in the table above). Fiscal Year 2012 includes one-time costs for acquisition of computers, furniture, vehicles and other equipment for TCEQ staff of approximately \$108,626.

Technology

Included in fiscal year 2012 costs for the Comptroller is a one-time technology cost of \$132,000 for programming maintenance and project management.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: JOB, SZ, ZS, TL