

EXEMPT SCRAP TIRES

House Bill 5315 (Substitute H-1)
First Analysis (2-19-92)

Sponsor: Rep. Beverly Bodem
Committee: Conservation, Recreation
and Environment

THE APPARENT PROBLEM:

In the past, most of Michigan's used tires that were not sold to retreading plants were disposed of in landfills or dumped in heaps on vacant land. In landfills, they present special problems to landfill operators, since they take up a great deal of space and, when not properly covered by fill material, can work upward through a landfill over a period of time. On vacant land they degrade the landscape, provide breeding grounds for mosquitoes and rodents, and pose the threat of the fire. In response to the special problems posed by tires, Public Act 133 of 1990 created the Scrap Tire Regulatory Act to provide a comprehensive state program to reduce these environmental and public health hazards, with the ultimate goal of recycling all scrap tires. Under the act, owners of collection sites must register annually with the Department of Natural Resources and pay a \$200 fee, which is deposited in the Scrap Tire Regulatory Fund. Various difficulties with the act have since surfaced, most notably that the storage requirements of the act impose hardships on certain small businesses, such as farms where tires are used to line silos, or racecourses that use tires as bumpers to line tracks. In addition, at least one small business has been unable to obtain the security bond required of scrap tire collection site operators.

THE CONTENT OF THE BILL:

House Bill 5315 would amend the Scrap Tire Regulatory Act to exempt racecourses, feed storage locations, and vehicle support stands from the requirements of the act; to clarify the act's definition of "bond;" and to create a state collection site, which would be funded by the Scrap Tire Regulatory Fund already established under the act.

Exempt Establishments. Under the bill, a "racecourse" would mean a commercially operated track for go-carts, vehicles, off-road recreational vehicles, or motorcycles, that used no more than

3,000 scrap tires for bumpers along the track for safety purposes; a "feed storage location" would mean a location on one or more pieces of adjacent real property containing a commercially operated farming operation where not more than 3,000 scrap tires were used to secure stored feed; and a "vehicle support stand" would mean equipment used to support a stationary vehicle consisting of an inflated tire and wheel that was attached to another wheel.

Bonding Requirements. Currently, under the act a person who accumulates tires is required to maintain a surety bond in favor of the state, in an amount determined by the Department of Natural Resources (DNR). The bill would permit the person who accumulated the tires to maintain, in place of a surety bond, a performance bond, a certificate of deposit, a cash bond, or an irrevocable letter of credit, in favor of the director. Under the bill, the bond would be maintained and the amount determined by the director of the department. A person who elected to use a certificate of deposit as bond would receive any accrued interest upon release of the bond. A person who elected to post cash would accrue interest at the annual rate of 6 percent, accrued quarterly, upon release of the bond, except that the interest rate payable to an applicant could not exceed the rate of interest accrued on the state common cash fund for the quarter in which an accrual was determined. Any interest greater than 6 percent would be deposited into the Scrap Tire Regulatory Fund.

Currently, the act requires that a bond be maintained in an amount sufficient to cover the cost of removing the tires from the collection site in an emergency, or at the insolvency of the person accumulating the tires. The bill would, in addition, permit the director to use a bond in situations where the person accumulating the tires failed to comply with the requirements of the act and didn't

remove the tires when ordered to do so by the director or by a court of competent jurisdiction.

MCL 299.562 and 299.564

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill would have no fiscal implications for the state. (2-19-92)

ARGUMENTS:

For:

Certain businesses and farms put old tires to good use, such as for bumpers along racetracks and lining grain storage bins. When tires serve a useful purpose, rather than creating a problem, it is unreasonable to expect compliance with storage provisions of the act that require people to place tires within 20 feet of their property lines, or within 60 feet of a building or structure. In addition, the bill would simplify bonding requirements, making it easier for businesses to comply with the act.

For:

By permitting the establishment of a state collection site, the bill would give the state an opportunity to moderate prices in locations where, reportedly, the owners of collection sites attempt to "gouge" customers by charging exorbitant prices.

Response:

Rather than simply collecting and storing scrap tires, the state should provide and control scrap tire recycling sites that are solely dedicated to collecting scrap tires. Alternatively, should a market develop for reprocessed rubber waste materials, or for the recovery of useful substances or energy from scrap tires, then the state would be in a position to turn the Scrap Tire Regulatory Fund into an economic development tool.

POSITIONS:

The Farm Bureau supports the bill. (2-19-92)

Automotive Recyclers of Michigan supports the bill. (2-19-92)