

Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 27 (Substitute S-1 as passed by the Senate)  
Sponsor: Senator Bev Hammerstrom  
Committee: Transportation and Tourism

Date Completed: 6-1-01

### **RATIONALE**

According to the Department of Environmental Quality, there are in excess of 25 million scrap tires stored or dumped at various sites around the State. In addition, Michigan consumers reportedly generate more than 7.5 million scrap tires each year. In 1990, Scrap Tire Regulatory Act was enacted to require proper handling, storage, and disposal of scrap tires and prevent the continued accumulation of massive tire piles and the associated public health and environmental risks at many of the larger scrap tire collection sites. The Act also created the Scrap Tire Regulatory Fund to be used for administrative costs and the cleanup or collection of abandoned scrap tires on land owned by the State or a city, village, township, or county. Public Act 148 of 1990 required each person who applied for a certificate of title to pay a tire disposal surcharge of 50 cents for each title or duplicate title. The money received from the disposal surcharge fee is deposited into the Fund. The fee is scheduled to expire on January 1, 2002. Many believe the title transfer fee for the Scrap Tire Regulatory Fund should be retained and increased to continue to help operate the scrap tire regulatory program.

### **CONTENT**

The bill would amend the Michigan Vehicle Code to delete the January 1, 2002, sunset on the requirement that an individual who applies for a certificate of title, a salvage vehicle certificate of title, or a scrap certificate of title pay a tire disposal surcharge for each certificate or duplicate certificate. The bill also would increase the surcharge from 50 cents to \$1.50 for each certificate.

The bill would take effect October 1, 2001.

MCL 257.806

### **BACKGROUND**

When the tire disposal surcharge was originally required under Public Act 148 of 1990, it was scheduled to apply for five years beginning on the Act's effective date, which was January 1, 1991. Public Act 267 of 1995 then established an expiration date of January 1, 2001, for the surcharge. That date was extended until January 1, 2002, by Public Act 456 of 2000.

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

The bill would prevent the scheduled expiration of the tire disposal surcharge fee, and increase the fee, to continue funding the operation of the scrap tire regulatory program and the cleanup of abandoned scrap tire piles on State and local government property. According to the Department, in addition to implementing improved scrap tire management and regulation through the program, Michigan has been expanding the scrap tire market through tire-derived fuels facilities, the truck tire retread industry, the used tire industry, the use of tire chips in engineered landfills and domestic septic fields, and crumb rubber recycling. The bill would enable the Scrap Tire Regulatory Fund to continue supporting the current efforts to address the problem of massive tire accumulation and the associated public health and environmental concerns. Rather than continuing to postpone the sunset date, the bill would remove it.

Legislative Analyst: N. Nagata

### **FISCAL IMPACT**

The bill would result in an increase of approximately \$3.4 million to the Scrap Tire Regulatory Fund.

Fiscal Analyst: P. Graham

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.