

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 27 (as enrolled)
Sponsor: Senator Bev Hammerstrom
Senate Committee: Transportation and Tourism
House Committee: Conservation and Outdoor Recreation

PUBLIC ACT 268 of 2001

Date Completed: 4-8-02

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, the 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 amended the Michigan Vehicle Code to require each person applying 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 was scheduled to expire on January 1, 2002. Many believe that the title transfer fee should continue to be collected in order to help operate the scrap tire regulatory program.

CONTENT

The bill amended the Michigan Vehicle Code to extend from January 1, 2002, to April 1, 2002, the 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.

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 postpones the scheduled expiration of the tire disposal surcharge 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 will 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.

Legislative Analyst: Nobuko Nagata

FISCAL IMPACT

The bill will result in an increase in the amount deposited in the Scrap Tire Regulatory Fund. Approximately \$300,000 more than would have been deposited, in the absence of the three-month extension of the sunset, will be deposited in the Fund.

Fiscal Analyst: Pam 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.