

## Department of Planning and Budget

### 2024 Session Fiscal Impact Statement

**1. Bill Number:** HB496

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed  
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

**2. Patron:** Garrett

**3. Committee:** Appropriations

**4. Title:** Waste tire disposal by tire producers and haulers; fee; requirements.

**5. Summary:** Requires a tire producer, as defined in the bill, to (i) dispose of all waste tires to a processing facility or a recycling center through a licensed hauler; (ii) ensure that the waste tires intended to be disposed of are placed in a secure location that is not readily accessible to the public; and (iii) register with the Department of Environmental Quality (DEQ) no later than October 1, 2024, and annually thereafter. Provides parameters for qualification for a hauler license, a processing license, and a tire recycling license. The bill provides that the Office of the Attorney General (OAG) may, upon request of the Department, take enforcement action against any person who violates its provisions. The bill expands the purpose of the Waste Tire Trust Fund to include paying the costs of implementing the waste tire disposal requirements of tire haulers and the additional requirements of tire producers. The bill also increases the tire recycling fee from \$0.50 to \$2.00 beginning July1, 2024.

**6. Budget Amendment Necessary:** Yes. Item 362, HB30/SB30 as introduced

**7. Fiscal Impact Estimates:** Preliminary. See item 8.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2024	0	0	-
2025	526,000	2.5	NGF
2026	326,000	2.5	NGF
2027	326,000	2.5	NGF
2028	326,000	2.5	NGF
2029	326,000	2.5	NGF
2030	326,000	2.5	NGF

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2024	0	NGF
2025	8,200,000	NGF
2026	11,300,000	NGF
2027	11,700,000	NGF
2028	12,100,000	NGF
2029	12,500,000	NGF

2030

12,900,000

NGF

- 8. Fiscal Implications:** It is anticipated that this bill will result in a nongeneral fund expenditure and revenue impact. It is anticipated that any fiscal impact on DEQ as a result of this bill can be absorbed within anticipated revenues resulting from the required increase in tire recycling fees. The bill increases waste tire fees from \$0.50 for each new tire sold to \$2.00 for each tire sold. The current tire recycling fee generates an average of \$3.0 million in nongeneral fund revenue annually to the Waste Tire Trust Fund.

According to DEQ, current capacity in the program is sufficient to manage end-user reimbursements only. The program does not have the capacity for the expanded use of funds in the bill. DEQ anticipates that at least 2.5 positions will be necessary to develop and administer the additional requirements across the state, at an estimated nongeneral fund cost of \$326,000 annually. The positions are to process license applications from haulers, processing facilities, and recycling facilities, as well reimbursement requests from qualifying haulers. An Environmental Specialist II is to implement and maintain tracking requirements. Another Environmental Specialist II is to process reimbursement applications, and a part time Environmental Specialist II is to backfill for both positions as needed. Each full-time Environmental Specialist II position is anticipated to cost \$130,400. Additionally, there would be a one-time information technology expense of approximately \$200,000 in the first year to update the existing database and reporting functionality.

The fiscal impact to the OAG is indeterminate. It is not possible to estimate the number of violations that will occur. However, increased enforcement may require the OAG to hire an additional attorney, which is anticipated to cost \$136,951 per year.

The Department of Taxation (TAX) considers implementation of this bill to be routine. According to TAX, this bill is expected to increase revenue to the Waste Tire Trust Fund by \$8.2 million in Fiscal Year (FY) 2025, \$11.3 million in FY 2026, \$11.7 million in FY 2027, \$12.1 million in FY 2028, \$12.5 million in FY 2029, and \$12.9 million in FY 2030.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Environmental Quality; Office of the Attorney General; Department of Taxation; Virginia Waste Management Board.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.