

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:** Passed the House.

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

5. **Summary:** Requires tire haulers to register with the Department of Environmental Quality (DEQ) on a form provided by the agency. Requires that haulers transfer all waste tires to permitted facilities, without storing, processing, or otherwise managing waste tires unless permitted to do so. The bill expands the allowable uses of moneys in the Waste Tire Trust Fund to include partial reimbursement to registered haulers, as well as to fund research initiatives that stimulate growth of existing and emerging markets for waste tires.

6. **Budget Amendment Necessary:** Yes. Items 362 and 390, HB30/SB30 as introduced

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

7a. **Expenditure Impact:** Department of Environmental Quality (Item 362)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2024	0	0	-
2025	196,000	1.5	NGF
2026	196,000	1.5	NGF
2027	196,000	1.5	NGF
2028	196,000	1.5	NGF
2029	196,000	1.5	NGF
2030	196,000	1.5	NGF

Expenditure Impact: Department of Corrections (Item 390)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2024	0	0	-
2025	50,000	0	GF

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 after July 1, 2024. 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, the current program does not have the capacity for the expanded use of funds in the bill. DEQ anticipates that at least 1.5 positions will be necessary to manage the registration disbursement and reporting, at an estimated nongeneral fund cost of \$196,000 annually. Additionally, there would be a one-time information technology expense tied to the production and publication of the require registration form, which is indeterminate at this time. Any maintenance costs associated with IT upgrades can be absorbed by DEQ. The amount of any additional expenditures from the Fund to support the expanded uses provided for in this bill is unknown.

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.

Violation of the bill's requirement for tire haulers to register with DEQ is considered a Class 1 misdemeanor. Cases in which involve 500 or more waste tires are considered a Class 6 felony.

Anyone convicted of a Class 1 misdemeanor is subject to a sentence of up to 12 months in jail and a fine of not more than \$2,500, either or both.

There is not enough information available to reliably estimate the increase in jail population as a result of this proposal. However, any increase in jail population will increase costs to the state. The Commonwealth currently pays localities \$5.00 a day for each misdemeanor or otherwise local-responsible prisoner held in a jail. It also funds a large portion of the jails' operating costs, e.g., correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (November 2023), the estimated total state support for local jails averaged \$45.76 per inmate, per day in FY 2022.

For someone convicted of a Class 6 felony, a judge has the option of sentencing the offender to a term of imprisonment of not less than one year nor more than five years, or in the discretion of the jury or the court trying the case without a jury, confinement in jail for not more than 12 months and a fine of not more than \$2,500, either or both. Therefore, this proposal could result in an increase in the number of persons sentenced to jail or prison.

There is not enough information available to reliably estimate the increase in jail population as a result of this proposal. However, any increase in jail population will increase costs to the state. The Commonwealth currently pays the localities \$5.00 a day for each misdemeanor or otherwise local-responsible prisoner held in a jail and \$15.00 a day for each state-responsible prisoner. It also funds a considerable portion of the jails' operating costs, e.g., correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (November 2023), the estimated total state support for local jails averaged \$45.76 per inmate, per day in FY 2022.

Due to the lack of data, the Virginia Criminal Sentencing Commission has concluded, pursuant to §30-19.1:4 of the Code of Virginia, that the impact of the proposed legislation on state-responsible (prison) bed space cannot be determined. In such cases, Chapter 1, 2023 Acts of Assembly, Special Session I, requires that a minimum impact of \$50,000 be assigned to the bill.

By statute, all revenue collected by the Commonwealth from fines for civil penalties is deposited to the Literary Fund, unless otherwise specified. This bill would deposit civil penalties for violations into the Virginia Environmental Emergency Response Fund. The amount that may be deposited into this fund is indeterminate.

9. Specific Agency or Political Subdivisions Affected: Department of Environmental Quality; Department of Taxation; Virginia Waste Management Board; local and regional jails; courts; localities; Department of Corrections.

10. Technical Amendment Necessary: No.

11. Other Comments: None.