

FISCAL NOTE

Requested by Legislative Council
01/18/2005

Bill/Resolution No.: SB 2268

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$10,240,000		\$10,240,000
Expenditures			\$329,780	\$10,240,000	\$329,780	\$10,240,000
Appropriations			\$329,780	\$10,240,000	\$329,780	\$10,240,000

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2268 identifies actions to be completed by either the Health Department alone or in cooperation with the Commerce Department, the Tax Department or the Department of Transportation. This bill requires a collection of fees of 40 cents per pound per year for new tires sold in North Dakota. Secion 10 of the bill identifies how the funds are to be distributed.

Due to the complexity of the bill, it is difficult to determine all of the impacts on the Department; however, the following is a list of new activities anticipated for the Health Department:

1. Abatement of daily waste rubber flow through:
Plan development; notification to retailers of law; enforcement of the law; establishment of process for fee payment; and to establish fee structure for waste rubber based upon weight.
2. Abate waste rubber stockpiles through:
Plan development; establish waste tire abatement priority list; enforcement of stockpile abatement plan; provide financial assistance to cooperating owners of stockpiles; remediate stockpiles of recalcitrant stockpile owners, and seek cost recovery.
3. Assist tire service or retailers with waste rubber abatement;
Plan development; establish waste rubber abatement priority list; develop waste rubber census with locations; provide financial assistance to cooperating owners; remediate stockpiles of recalcitrant owners, and seek cost recovery.
4. Prepare request for proposals to seek contractors to process waste rubber.
5. Establish and maintain Waste Tire Management Fund.
6. Pursue cost recovery to include liens on property.
7. Establish and track environmental credits.
8. Contract administration.

The following is a list of new duties for the Commerce Department:

- Assist in the development of new technologies designed to recover resources from waste petroleum-based products for reuse in industry.
- Analyze the potential for strategically using the oil recovered from waste rubber as fuel for peak power generation.
- Provide industrial and consumer education on other benefits of recycled waste tire products through the preparation of fact sheets and public workshops;
- Prepare an annual summary report and analysis of markets and disposition of both stockpiled tires and annually generated waste tires;
- Find optimal uses for energy recovered on behalf of state refining and electrical generation; and
- Negotiate with the processors of the waste for ownership of the oil recovered from waste petroleum products, including waste rubber

The Tax Department or Department of Transportation did not provide any cost estimates to be included in this bill.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Revenues would be generated from a 40 cents per pound fee collected on the sale of new tires. Assuming that 640,000 tires each weighing 20 pounds are sold annually, this would generate approximately \$5 million each year.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The Health Department estimates \$623,600 of expenditures, 4 new FTE's and operating costs per biennium to administer this fund. The Commerce Department estimates \$206,180 of expenditures, 1 new FTE and operating costs. The fee collection only allocates 2 cents per pound or \$500,000 for administrative costs so general funds will be needed to supplement the program.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Included in the appropriations amount are administrative costs for the Department of Health (\$623,600) and the Commerce Department (\$206,180). The balance of the appropriation is to distribute the funds according to Section 10 of this bill.

Name: Kathy J. Albin
Phone Number: 328.4542

Agency: Health
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