

3/17/97 Referred To: Approp-

MAR 3 1998
Place On Calendar

HOUSE FILE 2511
BY COMMITTEE ON ENVIRONMENTAL
PROTECTION

(SUCCESSOR TO HSB 575)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to waste tires and tire-derived fuels.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2511

1 Section 1. Section 455D.11A, subsection 3, Code Supplement
2 1997, is amended to read as follows:

3 3. Financial assurance instruments may include instruments
4 such as cash or surety bond, a letter of credit in a form
5 prescribed by the department, or a secured trust fund, a
6 corporate guarantee, or a combination of such instruments and
7 guarantees sufficient to satisfy the requirements of
8 subsection 5. The department may request an annual audit,
9 which shall remain confidential, to be performed by a third
10 party.

11 Sec. 2. Section 455D.11A, subsection 5, Code Supplement
12 1997, is amended to read as follows:

13 5. Financial assurance shall be provided in the amounts as
14 follows:

15 a. For a waste tire collection or processing site
16 ~~initially-permitted-on-or-after-July-17-1992, other than a~~
17 ~~site located underground and holding a grain warehouse~~
18 ~~license,~~ the financial assurance instrument for a waste tire
19 collection site shall provide coverage in an amount which is
20 equivalent to eighty-five fifty cents per passenger tire
21 equivalent collected by the site prior to January 1, 1998, and
22 eighty-five cents per passenger tire equivalent collected by
23 the site on or after January 1, 1998, and the financial
24 assurance instrument for a waste tire processing site shall
25 provide coverage in an amount which is equivalent to eighty-
26 five cents per passenger tire equivalent collected for
27 processing by the site which is above the three-day processing
28 supply of tires for the site as determined by the department.

29 ~~b. For-a-waste-tire-collection-or-processing-site-in~~
30 ~~existence-prior-to-July-17-1992,-a-waste-tire-collection-site~~
31 ~~shall-provide-a-financial-assurance-instrument-in-an-amount~~
32 ~~which-is-eighty-five-cents-per-additional-tire-collected-after~~
33 ~~July-17-1992,-and-a-waste-tire-processing-site-shall-provide-a~~
34 ~~financial-assurance-instrument-in-an-amount-which-is-eighty-~~
35 ~~five-cents-per-additional-tire-collected-for-processing,-above~~

1 ~~the three-day processing supply of tires for the site as~~
2 ~~determined by the department, after July 17, 1992.~~ For a waste
3 tire collection or processing site located underground and
4 holding a grain warehouse license, the financial assurance
5 instrument for a waste tire collection site shall provide
6 coverage in an amount which is equivalent to thirty-five cents
7 per passenger tire equivalent collected by the site prior to
8 January 1, 1998, and fifty-five cents per passenger tire
9 equivalent collected by the site on or after January 1, 1998.

10 Sec. 3. Section 455D.11C, subsection 1, Code 1997, is
11 amended to read as follows:

12 1. A waste tire management fund is created within the
13 state treasury. Moneys received from each five dollar
14 surcharge on the issuance of a certificate of title shall be
15 deposited as provided in section 321.52A, subsection 2.
16 Notwithstanding section 8.33, any unexpended balance in the
17 fund at the end of each fiscal year shall be retained in the
18 fund. Notwithstanding section 12C.7, any interest or earnings
19 on investments from moneys in the fund shall be credited to
20 the fund. Moneys from the fund that are expended by the
21 department in closing or bringing into compliance a waste tire
22 collection site pursuant to section 455D.11A and later
23 recouped by the department shall be credited to the fund. The
24 department shall have the authority to obtain personal or real
25 property from parties responsible for the creation,
26 management, or ownership of waste tire collection and
27 stockpile sites.

28 Sec. 4. Section 455D.11E, Code 1997, is amended to read as
29 follows:

30 455D.11E USE BY REGENTS INSTITUTIONS OF WASTE-TIRES-TO
31 PRODUCE TIRE-DERIVED FUELS AND OTHER BENEFICIAL USES OF WASTE
32 TIRES.

33 State board of regents institutions of higher education,
34 defined in section 262.7, are encouraged to use, to the
35 fullest extent practicable, waste tires for beneficial uses.

1 ~~such-as,~~ including, but not limited to, producing the
2 consumption of tire-derived fuels. Moneys shall be awarded
3 from the waste tire management fund, pursuant to section
4 455D.11C, subsection 2, to such an institution by the
5 department pursuant to section 455D.11C to offset additional
6 fuel, operation, and maintenance costs incurred in generating
7 heat, electricity, or power on-a-British-thermal-unit
8 equivalent-basis through the use of tire-derived fuel and for
9 the reimbursement of costs associated with mandated air
10 permits, regulatory fees, and emission or fuel testing
11 required to expand the institution's use of tire-derived fuel.
12 Moneys of not more than one hundred thousand dollars may be
13 awarded in the aggregate in a fiscal year to such institutions
14 to offset any-increased-fuel costs described in this section
15 which are associated with assisting the state's program to
16 dispose of waste tires in an environmentally sound manner, and
17 shall be available only to the extent that such moneys help to
18 reduce the number of waste tires in the state. Institutions
19 receiving moneys as described in this section shall not be
20 eligible to receive funding available in section 455D.11F.

21 Sec. 5. Section 455D.11F, Code 1997, is amended to read as
22 follows:

23 455D.11F ~~TIRE-PROCESSORS~~ END-USERS AWARDED MONEYS FOR
24 PROCESSING USING PROCESSED WASTE TIRES.

25 1. As used in this section:

26 a. "End-user" means a facility, industry, utility, or
27 operation where processed waste tires are recycled, reused, or
28 consumed for energy recovery.

29 a- b. "Passenger tire equivalent" means the physical
30 dimensions of a tire which has a rim diameter of sixteen and
31 one-half inches or less.

32 b- --"Site-of-end-use" means a site where whole or processed
33 waste-tires-are-permanently-legally-disposed-of,-recycled,-or
34 reused-

35 c. "Tire processor" means a person who reduces waste tires

1 into a processed form suitable for recycling or producing fuel
2 for energy or heat, or uses whole waste tires in any other
3 beneficial use as authorized by the department. "Tire
4 processor" does not mean a person who retreads tires or
5 processes and stores tires.

6 2. ~~A-tire-processor-who~~ An end-user that annually
7 processes recycles, reuses, or consumes for energy recovery
8 more than two hundred fifty thousand processed waste tires, ~~as~~
9 ~~defined-in-section-455D.11, or the equivalent, at a processing~~
10 ~~site-as-defined-in-section-455D.11-located-within-the-state~~
11 may be awarded moneys pursuant to section 455D.11C, subsection
12 2, from the waste tire management fund of not more than twenty
13 ten cents per passenger tire equivalent processed and
14 delivered to the site-of-end-use end-user, at a reimbursement
15 rate of no more than fifty percent of the costs incurred or
16 paid per ton by the end-user to receive the processed waste
17 tire materials. Moneys of not more than three hundred
18 thousand dollars for such tire-processors end-user awards
19 shall be available in the aggregate in a fiscal year and shall
20 be disbursed by the department upon application and approval
21 to such tire-processors end-users. ~~A-tire-processor~~ An end-
22 user shall not receive more than twenty one hundred fifty
23 thousand dollars from the waste tire management fund in a
24 fiscal year. ~~A-tire-processor-with-a-pending-enforcement~~
25 ~~action-against-the-tire-processor-by-the-department-is~~
26 ~~ineligible-to-receive-moneys-while-the-enforcement-action-is~~
27 ~~pending.--A-tire-processor~~ Funding allocations shall be made
28 proportionately between eligible end-users in the event that
29 funding requests exceed the total annual amount of moneys
30 available. Moneys shall be available only for waste tires
31 that have been generated from within the state and which are
32 processed by and received from a tire processor located within
33 the state. An end-user with a pending enforcement action
34 against the end-user by the department relating to sections
35 455D.11 through 455D.11H shall be ineligible for consideration

1 of reimbursement for any processed waste tire materials
2 recycled, reused, or consumed for energy recovery while the
3 enforcement action is pending. An end-user of processed waste
4 tire material is encouraged to use moneys awarded under this
5 subsection to ~~lower-the-rates-at-which-the-tire-processor~~
6 ~~seeks~~ increase the purchase and consumption of processed
7 materials.

8 Sec. 6. Section 455D.11G, Code 1997, is amended to read as
9 follows:

10 455D.11G DISPOSAL FEE CHARGED BY RETAIL TIRE DEALER.

11 1. A retail tire dealer who currently charges a fee
12 relating to disposal of used tires is encouraged to include
13 the fee within the sales price of new tires. The practice by
14 retail tire dealers of adding the fee as a separate charge on
15 sales invoices is discouraged.

16 2. Notwithstanding any provision in this chapter, any
17 generator of waste tires who is identified as being a
18 contributor to the materials which are the object of an
19 abatement and who can document full compliance with this
20 chapter and administrative rules adopted pursuant to this
21 chapter in disposing of such waste tires shall not be liable
22 for any of the cost of recovery actions of the abatement.

23 Sec. 7. APPROPRIATION. There is appropriated from moneys
24 used for funding alternatives to landfills pursuant to section
25 455E.11, subsection 2, paragraph "a", subparagraph (1), to
26 Iowa state university of science and technology for the fiscal
27 year beginning July 1, 1998, and ending June 30, 1999, the
28 following amount, or so much thereof as is necessary, to be
29 used for the purposes designated:

30 For equipment and retrofitting the heating plant at the
31 university to burn tire derived fuel:
32 \$ 200,000

33 Notwithstanding section 8.33, moneys appropriated in this
34 section which remain unexpended or unobligated on June 30,
35 1999, shall not revert to the general fund of the state but

1 shall remain available for expenditure for the same purposes
2 in the succeeding fiscal year.

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EXPLANATION

4 This bill amends Code section 455D.11A relating to
5 financial assurance for waste tires by amending what
6 constitutes a financial instrument. The bill amends Code
7 section 455D.11A relating to the amount of financial assurance
8 which must be provided with special provisions for a waste
9 tire collection or processing site located underground and
10 holding a grain warehouse license. The bill amends Code
11 section 455D.11C relating to the waste tire management fund by
12 authorizing the department of natural resources to obtain
13 personal or real property from parties responsible for the
14 creation, management, or ownership of waste tire collection
15 and stockpile sites.

16 The bill provides that state board of regents institutions
17 are encouraged to consume waste tires for tire-derived fuels.
18 The bill allows for money to be awarded to institutions from
19 the waste tire management fund to offset additional fuel,
20 operation, and maintenance costs incurred in generating heat,
21 electricity, or power through the use of tire-derived fuel and
22 for the reimbursement of costs associated with mandated air
23 permits, regulatory fees, and emission or fuel testing
24 required to expand the institution's use of tire-derived
25 fuels. Institutions receiving these moneys shall not be
26 eligible to receive moneys under Code section 455D.11F.

27 Currently, Code section 455D.11F relates to the awarding to
28 tire processors of moneys for processing waste tires. The
29 bill amends this section to provide for the awarding to end-
30 users of moneys from the waste tire management fund for the
31 use of processed waste tires. The bill defines an end-user as
32 a facility, industry, utility, or operation where processed
33 waste tires are recycled, reused, or consumed for energy
34 recovery. The bill provides that an end-user who annually
35 recycles, reuses, or consumes more than 250,000 processed

1 waste tires may be awarded moneys of not more than 10 cents
2 per passenger tire equivalent processed and delivered to the
3 end-user at a reimbursement rate of no more than 50 percent of
4 the costs incurred or paid per ton by the end-user to receive
5 the processed waste tires. An end-user shall not be awarded
6 more than \$150,000 in a fiscal year. Award allocations shall
7 be made proportionately between eligible end-users in the
8 event that funding requests exceed the total annual amount of
9 moneys available. The bill provides that moneys shall only be
10 available for waste tires generated within the state and which
11 are processed by and received from a tire processor located
12 within the state. An end-user with a pending enforcement
13 action against the end-user by the department of natural
14 resources relating to Code sections 455D.11 through 455D.11H
15 shall be ineligible for consideration of receiving moneys for
16 waste tire materials which are recycled, reused, or consumed
17 while the enforcement action is pending. The bill provides
18 that end-users are encouraged to use moneys awarded to
19 increase the purchase and consumption of processed materials.

20 The bill provides that a generator of waste tires who is
21 identified as being a contributor to the materials which are
22 the object of an abatement is not liable for any of the costs
23 of recovery actions of the abatement if the generator can
24 document full compliance with Code chapter 455D.

25 The bill appropriates \$200,000 from moneys used for funding
26 alternatives to landfills to Iowa state university for
27 equipment and retrofitting the heating plant at the university
28 to burn tire-derived fuel.

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**HOUSE FILE 2511
FISCAL NOTE**

A fiscal note for House File 2511 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2511 amends the language regarding the Waste Tire Management Program in the Code of Iowa. This legislation provides financial incentives to end users which will encourage the clean up of waste tire collection sites.

BACKGROUND

1. Expands the categories of financial assurance instruments held by a waste tire processor. Specifies the amount of the financial assurance instrument based on the type of operation and the number of waste tires processed.
2. Provides the Department of Natural Resources with the authority to acquire property from waste tire collection sites or stockpiles.
3. Encourages the State Board of Regents to consume tire-derived fuels by providing financial incentives to cover any additional expense incurred. The maximum is \$150,000 per fiscal year.
4. Offers financial incentives to end users that recycle or consume waste tires if more than 250,000 waste tires are processed. The maximum award is \$150,000 per fiscal year. An end user is not eligible if there is a pending enforcement action pending against them.

ASSUMPTIONS

Iowa State University will be required to purchase equipment that enables them to use tire-derived fuels. Funds will be appropriated to the University from the Landfill Alternatives Financial Assistance Program.

FISCAL IMPACT

House File 2511 is estimated to cost \$200,000 in FY 1999 for Iowa State University to purchase equipment required in utilizing tire-derived fuels. Funding for the equipment purchases is appropriated from the Landfill Alternatives Financial Assistance Program.

SOURCE

Department of Natural Resources

(LSB 3271hv, DFK)

FILED MARCH 12, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

*Jipp, Chron.
Meyer, Shoally*

HSB 575

ENVIRONMENTAL PROTECTION

SUC

SENATE/HOUSE FILE HIF 25

BY (PROPOSED DEPARTMENT OF
NATURAL RESOURCES BILL)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to waste tires and tire-derived fuels.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 455D.11E, Code 1997, is amended to read
2 as follows:

3 455D.11E USE BY REGENTS INSTITUTIONS OF WASTE TIRES TO
4 PRODUCE TIRE-DERIVED FUELS AND OTHER BENEFICIAL USES.

5 State board of regents institutions of higher education,
6 defined in section 262.7, are encouraged to use, to the
7 fullest extent practicable, waste tires for beneficial uses,
8 such-as, including, but not limited to, producing consuming
9 such tires for tire-derived fuels. Moneys shall be awarded
10 from the waste tire management fund, pursuant to section
11 455D.11C, subsection 2, to such an institution by the
12 department pursuant to section 455D.11C to offset additional
13 fuel, operation, and maintenance costs incurred in generating
14 heat, electricity, or power ~~on-a-British-thermal-unit~~
15 equivalent-basis through the use of tire-derived fuel and for
16 the reimbursement of costs associated with air permits, fees,
17 and testing required to expand the institution's use of tire-
18 derived fuel. Additional fuel costs shall be calculated at a
19 reimbursement rate of up to twenty-five dollars per ton of
20 tire-derived fuel material consumed by the institution.
21 Moneys of not more than one hundred thousand dollars may be
22 awarded in the aggregate in a fiscal year to such institutions
23 to offset ~~any-increased-fuel~~ costs described in this section
24 which are associated with assisting the state's program to
25 dispose of waste tires in an environmentally sound manner, and
26 shall be available only to the extent that such moneys help to
27 reduce the number of waste tires in the state.

28 Sec. 2. Section 455D.11F, Code 1997, is amended to read as
29 follows:

30 455D.11F ~~TIRE-PROCESSORS~~ END-USERS AWARDED MONEYS FOR
31 ~~PROCESSING USING PROCESSED~~ WASTE TIRES.

32 1. As used in this section:

33 a. "End-user" means a facility, industry, utility, or
34 operation where processed waste tires are recycled, reused, or
35 consumed for energy recovery.

1 a. b. "Passenger tire equivalent" means the physical
2 dimensions of a tire which has a rim diameter of sixteen and
3 one-half inches or less.

4 b. ~~---"Site-of-end-use" means a site where whole or processed~~
5 ~~waste tires are permanently legally disposed of, recycled, or~~
6 ~~reused.~~

7 c. "Tire processor" means a person who reduces waste tires
8 into a processed form suitable for recycling or producing fuel
9 for energy or heat, or uses whole waste tires in any other
10 beneficial use as authorized by the department. "Tire
11 processor" does not mean a person who retreads tires or
12 processes and stores tires.

13 2. ~~A-tire-processor-who~~ An end-user that annually
14 processes recycles, reuses, or consumes for energy recovery
15 more than two hundred fifty thousand processed waste tires, ~~as~~
16 ~~defined in section 455D.11, or the equivalent, at a processing~~
17 ~~site as defined in section 455D.11 located within the state~~
18 may be awarded moneys pursuant to section 455D.11C, subsection
19 2, from the waste tire management fund of not more than twenty
20 ten cents per passenger tire equivalent processed and
21 delivered to the ~~site-of-end-use~~ end-user, at a reimbursement
22 rate of no more than fifty percent of the costs incurred or
23 paid per ton by the end-user to receive the processed waste
24 tire materials. Moneys of not more than three hundred
25 thousand dollars for such ~~tire-processors~~ end-user awards
26 shall be available in the aggregate in a fiscal year and shall
27 be disbursed by the department upon application and approval
28 to such ~~tire-processors~~ end-users. ~~A-tire-processor~~ An end-
29 user shall not receive more than twenty one hundred fifty
30 thousand dollars from the waste tire management fund in a
31 fiscal year. ~~A-tire-processor-with-a-pending-enforcement~~
32 ~~action-against-the-tire-processor-by-the-department-is~~
33 ~~ineligible-to-receive-moneys-while-the-enforcement-action-is~~
34 ~~pending.~~ ~~A-tire-processor~~ Funding allocations shall be made
35 proportionately between eligible end-users in the event that

1 funding requests exceed the total annual amount of moneys
2 available. Moneys shall be available only for waste tires
3 that have been generated from within the state and which are
4 processed by and received from a tire processor located within
5 the state. An end-user with a pending enforcement action
6 against the end-user by the department relating to sections
7 455D.11 through 455D.11H shall be ineligible for consideration
8 of reimbursement for any processed waste tire materials
9 recycled, reused, or consumed for energy recovery while the
10 enforcement action is pending. An end-user of processed waste
11 tire material is encouraged to use moneys awarded under this
12 subsection to ~~lower-the-rates-at-which-the-tire-processor~~
13 se~~lls~~ increase the purchase and consumption of processed
14 materials.

15 EXPLANATION

16 This bill provides that state board of regents institutions
17 are encouraged to consume waste tires for tire-derived fuels.
18 The bill allows for money to be awarded to institutions from
19 the waste tire management fund to offset additional fuel,
20 operation, and maintenance costs incurred in generating heat,
21 electricity, or power through the use of tire-derived fuel and
22 for the reimbursement of costs associated with air permits,
23 fees, and testing required to expand the institution's use of
24 tire-derived fuels. Additional fuel costs shall be calculated
25 at a reimbursement rate of up to \$25 per ton of tire-derived
26 fuel material consumed.

27 Currently, Code section 455D.11F relates to the awarding to
28 tire processors of moneys for processing waste tires. The
29 bill amends this section to provide for the awarding to end-
30 users of moneys from the waste tire management fund for the
31 use of processed waste tires. The bill defines an end-user as
32 a facility, industry, utility, or operation where processed
33 waste tires are recycled, reused, or consumed for energy
34 recovery. The bill provides that an end-user who annually
35 recycles, reuses, or consumes more than 250,000 processed

1 waste tires may be awarded moneys of not more than 10 cents
2 per passenger tire equivalent processed and delivered to the
3 end-user at a reimbursement rate of no more than 50 percent of
4 the costs incurred or paid per ton by the end-user to receive
5 the processed waste tires. An end-user shall not be awarded
6 more than \$150,000 in a fiscal year. Award allocations shall
7 be made proportionately between eligible end-users in the
8 event that funding requests exceed the total annual amount of
9 moneys available. The bill provides that moneys shall only be
10 available for waste tires generated within the state and which
11 are processed by and received from a tire processor located
12 within the state. An end-user with a pending enforcement
13 action against the end-user by the department of natural
14 resources relating to Code sections 455D.11 through 455D.11H
15 shall be ineligible for consideration of receiving moneys for
16 waste tire materials which are recycled, reused, or consumed
17 while the enforcement action is pending. The bill provides
18 that end-users are encouraged to use moneys awarded to
19 increase the purchase and consumption of processed materials.

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The issue and rationale:

Current law provides moneys from the waste tire management fund to state board of regents institutions of higher education to offset additional fuel costs incurred in generating heat, electricity, or power on a british thermal (Btu) equivalent basis. Moneys of up to \$100,000 are available annually, in the aggregate. The DNR allocated \$7,500 to the University of Iowa (the only Regents institution currently using tire derived fuel (TDF) to offset additional fuel costs incurred by their power plant through its use of tire-derived fuel during year 1997.

Changes are necessary to further encourage the regents institutions to consider TDF as an alternative fuel source, and thus assist in the state's efforts to properly dispose of waste tires.

The proposal is to increase the eligible costs for reimbursement, to include costs for test burns, consultant fees, and permit costs associated with new or expanded TDF usage at the regents institutions, and establishing a maximum reimbursement amount per ton of TDF used.