

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 25, 2011
POSITION: Oppose

BILL NUMBER: AB 525
AUTHOR: R. Gordon

BILL SUMMARY: Solid Waste: Tire Recycling

Existing law creates the California Tire Recycling Act (CTRA) authorizing the Department of Resources Recycling and Recovery (CalRecycle) to award grants and loans to businesses and public entities for activities that could expand markets for used tires. Grants and loans may be issued to fund research, encourage business development, and develop and implement information and education programs. The CTRA specifically authorizes several types of projects: polymer treatment; crumb rubber production; retreading; shredding; and the manufacture of such products as rubber asphalt, playground equipment, crash barriers, erosion control, floor and track surfacing, oil spill recovery equipment, roofing, and other environmentally safe applications.

This bill would allow CalRecycle to award grants through 2014-15 to cities, counties, and other local government agencies for funding public works projects, including but not limited to, the use of waste tires for rubberized asphalt concrete (RAC) and tire-derived aggregate (TDA). The bill also would require—to the extent possible and depending on the number of qualified applications—at least 16 percent of annual Budget Act appropriations for CTRA market development and new technology activities be allocated to the aforementioned local government public works programs. This requirement would become inoperative on June 30, 2015 and be repealed on January 1, 2016.

FISCAL SUMMARY

Based on the assumption CalRecycle will award \$12.5 million to \$21.4 million California Tire Recycling Management Fund annually for market development and new technology activities, the bill could redirect \$2.0 million to \$3.4 million annually through 2014-15 from various market development and new technology activities to grants to local government public works programs (i.e., 16 percent of the program’s annual appropriation). As stated in the bill, this redirection would be based upon feasibility determinations and the number of qualified applications.

The provisions of the bill requiring CalRecycle to post specified information on its website and provide technical support to local government entities would have no fiscal impact since these services are currently provided, and CalRecycle intends to continue these activities to encourage further use of RAC and TDA.

The bill would have no fiscal impact on the California Department of Transportation (Caltrans) since it already provides an annual report on waste tire usage to the Legislature and posts similar information on its website.

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Analyst/Principal (0622) J. McGuinn	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

R. Gordon

April 25, 2011

AB 525

COMMENTS

Finance is opposed to the bill because it is unnecessary and would limit CalRecycle's flexibility to respond to changing market conditions.

More specifically, the bill is unnecessary because (1) Public Resources Code (PRC) Section 42872 currently authorizes CalRecycle to make grants to local governments; (2) CalRecycle currently posts the required information on its website and provides technical support to local agencies; and (3) Caltrans currently posts similar information on its website pursuant to PRC Section 42889.3.

The bill also is problematic in locking in a specific percentage of CTRA funds for local public works projects because it would limit CalRecycle's flexibility to respond to and accommodate economic and technological changes. Earmarking a designated percentage of the annual program appropriation would not allow the department to respond to shifting technology demands or economic shifts that warrant competitive grants to other sectors. Currently, CalRecycle uses its legislatively mandated Five-Year Plan for Tires to determine funding allocations for its grants.

The bill is intended to reauthorize a grant program that sunsets January 1, 2011.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	
2660/Caltrans	SO	No		-----	No/Minor Fiscal Impact	-----			0042
3500/ResRcyclRcvr	SO	No		-----	See Fiscal Summary	-----			0226

<u>Fund Code</u>	<u>Title</u>
0042	Highway Account, State, STF
0226	Tire Recycling Management Fund, Calif