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February 28, 2019

COMMITTEE SUBSTITUTE
FOR

SENATE BILL NO. 506

By: McCortney

[environment and natural resources - compensation
from the Used Tire Recycling Indemnity Fund -
effective date]

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 27A O.S. 2011, Section 2-11-401.4,
as last amended by Section 1, Chapter 211, O.S.L. 2018 (27A O.S.
Supp. 2018, Section 2-11-401.4), is amended to read as follows:

Section 2-11-401.4. A. Compensation to used tire facilities and tire-derived fuel or TDF facilities pursuant to this section shall be limited to facilities located in Oklahoma. Compensation for used tire activities pursuant to this section shall be limited to used tires from Oklahoma. A used tire recycling facility or tire-derived fuel or TDF facility ~~may transport~~ that transports and ~~deliver~~ delivers used tires collected from Oklahoma to an out-of-state used tire recycling facility or TDF facility ~~but~~ shall not be eligible for compensation from the Used Tire Recycling Indemnity Fund for those used tires unless the facility also maintains a tire-

1 derived fuel or TDF facility located in Oklahoma. To be eligible,
2 applicants for compensation shall be in compliance with the Oklahoma
3 Used Tire Recycling Act.

4 B. The monies accruing annually to the Used Tire Recycling
5 Indemnity Fund shall be allocated first to the Department of
6 Environmental Quality Revolving Fund, to be used for implementing
7 applicable requirements related to the control of mobile and area
8 sources of air emissions, for monitoring and modeling the impacts on
9 Oklahoma of air pollution from other states, for implementing and
10 enforcing other applicable air pollution control requirements or for
11 other environmental programs or projects. The amount of money
12 allocated for this purpose shall be twenty-eight percent (28%) of
13 the funds produced by the two-dollar-and-fifty-cent per tire fee
14 assessed pursuant to division (1) of subparagraph a of paragraph 1
15 of subsection A of Section 2-11-401.2 of this title and subparagraph
16 b of paragraph 1 of subsection A of Section 2-11-401.2 of this
17 title; provided, in no event shall the amount allocated annually
18 exceed the 3-year average of the total fiscal year amounts allocated
19 in fiscal years 2015, 2016 and 2017 and any amount in excess of the
20 3-year average shall be placed to the credit of the General Revenue
21 Fund. After this allocation is deducted, the balance of the monies
22 shall be allocated as follows:

23 1. Two and one-fourth percent (2.25%) to the Oklahoma Tax
24 Commission and five and three-fourths percent (5.75%) to the

1 Department of Environmental Quality for the purpose of administering
2 the requirements of the Oklahoma Used Tire Recycling Act; provided,
3 in no event shall either of the amounts allocated annually pursuant
4 to this paragraph exceed the 3-year average of the total fiscal year
5 amounts allocated in fiscal years 2015, 2016 and 2017 and any amount
6 in excess of the 3-year average shall be placed to the credit of the
7 General Revenue Fund; and

8 2. An amount not to exceed Fifty Thousand Dollars (\$50,000.00)
9 per audit to the State Auditor and Inspector for the purpose of
10 conducting audits of the Oklahoma Used Tire Recycling Program
11 pursuant to Section 2-11-401.6 of this title.

12 C. After the allocations under subsection B of this section are
13 made, the balance of monies in the Fund shall be available for
14 compensation pursuant to the provisions of the Oklahoma Used Tire
15 Recycling Act as follows:

16 1. Compensation to used tire facilities for used tire
17 processing, at the rate of Fifty-four Dollars (\$54.00) per ton of
18 processed tire material. For compensation the following conditions
19 shall apply:

20 a. facilities that process used tires by altering the
21 form of the used tires but do not produce crumb rubber
22 shall not receive compensation until the facility
23 documents the sale and movement of the processed used
24 tire material off-site to a third party,

1 b. facilities shall report and certify used tire
2 processing activity in terms of weight. The facility
3 shall by sworn affidavit provide to the Department
4 sufficient information to verify that the facility has
5 processed used tires and sold processed used tires for
6 actual recycling or reuse in accordance with the
7 purposes of the Oklahoma Used Tire Recycling Act, and

8 c. to be eligible for compensation, a facility shall not
9 have accumulated more processed material than the
10 amount for which the facility has provided financial
11 assurance under its solid waste permit or the amount
12 accumulated from three (3) years of operation,
13 whichever is less;

14 2. a. Compensation to used tire recycling facilities or TDF
15 facilities at the rate of Fifty-three Dollars (\$53.00)
16 per ton of whole used tires for the collection and
17 transportation of used tires from Oklahoma tire
18 dealers, automotive dismantlers and parts recyclers,
19 solid waste landfill sites, and dumps certified by the
20 Department priority cleanup list, and delivering the
21 tires to a used tire recycling facility or TDF
22 facility. The collection and transportation of used
23 tires shall be provided by the used tire recycling
24 facility or TDF facility at no additional cost to the

1 tire dealer or automotive dismantler and parts
2 recycler or to the Fund. The used tire recycling
3 facility or TDF facility shall collect from any
4 location at which there are at least three hundred
5 used tires.

6 b. Compensation under this paragraph shall not be payable
7 until the used tires have been actually processed
8 according to the solid waste permit for the facility
9 or actually used for energy or fuel recovery. A TDF
10 facility that collects and transports whole used tires
11 shall be eligible for compensation under this
12 paragraph only for those whole used tires consumed by
13 that facility.

14 c. No tire dealer shall charge any customer any
15 additional fee for the management, recycling, or
16 disposal of any used tire upon which the used tire
17 recycling fee has been remitted to the Tax Commission.
18 For customers who choose not to leave a used tire upon
19 which the used tire recycling fee has been remitted to
20 the Tax Commission, the tire dealer shall issue a
21 receipt which entitles the customer to deliver the
22 used tire to the dealer at a later date.

1 d. To be eligible for compensation pursuant to this
2 paragraph, the used tire recycling facility or TDF
3 facility shall:

4 (1) demonstrate to the satisfaction of the Department
5 that the facility is regularly engaged in the
6 collection, transportation and delivery of used
7 tires to a used tire recycling facility or to a
8 TDF facility, on a statewide basis, and from each
9 county of the state,

10 (2) provide documentation to the Department, signed
11 by a dealer at the time of collection, which
12 certifies remittance of appropriate fees to the
13 Oklahoma Tax Commission as a participating tire
14 dealer pursuant to the provisions of the Oklahoma
15 Used Tire Recycling Act, and

16 (3) annually demonstrate that at least three to six
17 percent (3-6%) of the tires were collected from
18 tire dumps or landfills on the Department
19 priority cleanup list or community-wide cleanup
20 events approved by the Department. The
21 Department is authorized to determine
22 periodically the applicable percentage within the
23 specified range set forth in this division based
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1 on the number of tires remaining in illegal dumps
2 and available funding.

3 e. In lieu of proof of remitted tire recycling fees, the
4 used tire recycling facility or TDF facility shall
5 accept proof of purchase of a salvage vehicle
6 registered in Oklahoma by an automotive dismantler and
7 parts recycler, licensed pursuant to the Automotive
8 Dismantlers and Parts Recycler Act, for the collection
9 and transportation of up to five used tires per
10 salvage vehicle purchased on or after January 1, 1996;

11 3. a. Compensation to a unit of local or county government
12 that submits to the Department for approval a plan for
13 the use of baled used tires in an engineering project.
14 Compensation shall be at the rate of fifty cents
15 (\$0.50) per tire.

16 b. The plan shall be approved by the Department before
17 construction of the project begins.

18 c. Any unit of local or county government baling used
19 tires shall not accumulate more than fifty used tire
20 bales prior to beginning construction of an approved
21 project.

22 d. Used tires baled pursuant to this paragraph cannot be
23 obtained from tire manufacturers, retailers,
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1 wholesalers, retreaders, or automotive dismantlers and
2 parts recyclers.

3 e. Any unit of local or county government authorized to
4 receive reimbursement for the use of baled used tires
5 in an engineering project shall report and certify
6 whole used tires by number. The governmental unit
7 shall by sworn affidavit provide sufficient
8 information to the Department to verify that the unit
9 has utilized the tires in accordance with the purposes
10 of the Oklahoma Used Tire Recycling Act; and

11 4. If the Fund contains insufficient funds in any month to
12 satisfy the eligible reimbursements under this subsection, the
13 Department shall determine the apportionment of payments to be made
14 among the qualified applicants under this subsection according to
15 the percentage of used tires processed, collected and transported,
16 or utilized.

17 D. 1. After the allocations under subsections B and C of this
18 section are made, any remaining monies in the Fund shall be
19 available for TDF facilities and used tire recycling facilities that
20 produce crumb rubber for compensation at the rate of Twenty-nine
21 Dollars (\$29.00) per ton of processed or used tires utilized for
22 energy or fuel recovery or the production of crumb rubber.

1 2. The production of crumb rubber shall be considered a
2 compensable event separate from and in addition to any compensation
3 for used tire processing under subsection C of this section.

4 3. TDF facilities and used tire recycling facilities authorized
5 to receive reimbursement under this subsection shall report and
6 certify tire material used by weight.

7 4. The facilities shall by sworn affidavit provide to the
8 Department sufficient information to verify that the facility has
9 used the tires in accordance with the purposes of the Oklahoma Used
10 Tire Recycling Act.

11 5. If the Fund contains insufficient funds in any month to
12 satisfy the eligible reimbursements under this subsection, the
13 Department shall determine the apportionment of payments to be made
14 among the qualified applicants according to the percentage of used
15 tires intended for energy or fuel recovery or the production of
16 crumb rubber.

17 E. 1. After the allocations under subsections B, C and D of
18 this section are made, any remaining monies in the Fund shall be
19 available for capital investment reimbursement to used tire
20 facilities and TDF facilities for the purchase of equipment
21 necessary to utilize used tires. Only equipment purchased on or
22 after January 1, 1995, shall be eligible. The facilities are
23 eligible for compensation at a rate of Twenty Dollars (\$20.00) per
24 ton of used tires used. Total reimbursement shall not exceed one

1 hundred percent (100%) of the capital investment in eligible
2 equipment. The facilities may apply for compensation monthly to the
3 Department of Environmental Quality and shall supply any information
4 required by the Department.

5 2. If the Fund contains insufficient funds in any month to
6 satisfy the eligible reimbursements under this subsection, the
7 Department shall determine the apportionment of payments to be made
8 among the qualified applicants.

9 F. Subject to subsection G of this section, after the
10 allocations under subsections B, C, D and E of this section are
11 made, any remaining monies in the Fund, excluding monies collected
12 pursuant to paragraphs 3 and 4 of subsection B of Section 2-11-401.2
13 of this title, shall be disbursed as follows:

14 1. Additional compensation to used tire recycling facilities or
15 TDF facilities for the remediation of dumps certified by the
16 Department and delivering the tires to a used tire recycling
17 facility or a TDF facility. The Department shall determine
18 additional compensation made to qualified applicants under this
19 subsection based on cleanup feasibility of the dump. The Board
20 shall promulgate rules establishing unit costs for compensation
21 based on the remediation feasibility of the tire dumps. The
22 Department may solicit bids for the remediation of tire dumps if no
23 used tire recycling facilities or TDF facilities agree to remediate
24 a priority tire dump authorized by the Department or if the

1 Department determines the qualified applicant has not remediated the
2 tires in the tire dump to meet reference conditions of comparable
3 property in the immediate area; and

4 2. Reimbursement to the Department of Environmental Quality for
5 necessary costs associated with remediation or other necessary
6 actions at sites at which used tires or other wastes incidental to
7 the used tires present a threat to human health or environment, or
8 for projects to increase market demand for products made from
9 Oklahoma used tires. The Solid Waste Management Advisory Council
10 shall recommend and the Environmental Quality Board shall adopt
11 rules governing the types of market development projects that may
12 qualify for reimbursement. To the extent possible, the rules shall
13 favor and the Department shall prioritize projects with the greatest
14 potential to benefit schools, communities and local governments.
15 Upon its receipt of documentation from the Department showing
16 expenditures relating to the remediation of such sites or market
17 development projects, the Tax Commission shall reimburse the
18 Department for its documented expenditures.

19 G. Accrued funding for the purposes specified in subsection F
20 of this section shall not exceed Five Hundred Thousand Dollars
21 (\$500,000.00). Once Five Hundred Thousand Dollars (\$500,000.00) is
22 reached, any additional funds shall be distributed as additional
23 compensation under paragraph 1 of subsection C of this section.

1 H. 1. Used tire recycling facilities and TDF facilities that
2 collect, transport and process tires used on implements of husbandry
3 and agricultural equipment that are greater than thirty (30) inches
4 in total diameter and less than or equal to forty-four (44) inches
5 in total diameter shall be eligible for compensation at a rate of
6 Eight Dollars (\$8.00) per tire.

7 a. Collection, transportation and processing of tires
8 under this paragraph shall be considered a compensable
9 event separate from and in addition to any
10 compensation under subsection C of this section.

11 b. Used tire recycling facilities and TDF facilities
12 authorized to receive reimbursement under this
13 paragraph shall report and certify the number of tires
14 collected and transported.

15 2. Used tire recycling facilities and TDF facilities that
16 collect, transport and process tires used on implements of husbandry
17 and agricultural equipment that are greater than forty-four (44)
18 inches in total diameter and less than or equal to seventy-two (72)
19 inches in total diameter and not more than thirty (30) inches wide,
20 shall be eligible for compensation at the rate of Sixteen Dollars
21 (\$16.00) per tire.

22 a. Collection, transportation and processing of tires
23 under this paragraph shall be considered a compensable
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1 event separate from and in addition to any
2 compensation under subsection C of this section.

3 b. Used tire recycling facilities and TDF facilities
4 authorized to receive reimbursement under this
5 paragraph shall report and certify the number of tires
6 collected and transported.

7 I. Used tire recycling facilities, TDF facilities, or persons,
8 corporations or other legal entities authorized by the provisions of
9 the Oklahoma Used Tire Recycling Act to receive reimbursement shall
10 demonstrate that the facilities or legal entities have successfully
11 complied with the requirements of the Oklahoma Used Tire Recycling
12 Act through the filing of appropriate applications, reports, and
13 other documentation that may be required by the Tax Commission and
14 the Department.

15 SECTION 2. This act shall become effective November 1, 2019.

16 COMMITTEE REPORT BY: COMMITTEE ON ENERGY
17 February 28, 2019 - DO PASS AS AMENDED
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