



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

**Bill:** Sub. S.B. 155 of the 128th G.A.      **Date:** January 15, 2010  
**Status:** As Reported by Senate Finance & Financial Institutions      **Sponsor:** Sens. Carey and D. Miller

**Local Impact Statement Procedure Required:** No — No local cost

**Contents:** Allocates a portion of scrap tire fee revenue for soil and water conservation districts and makes other changes

### State Fiscal Highlights

#### STATE FUND

#### FY 2010 – FUTURE YEARS

##### Scrap Tire Management Fund (Fund 4R50) – Environmental Protection Agency

Revenues	Loss of approximately \$3 million annually during the FY 2010-FY 2011 biennium Loss in future years
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Expenditures	Decrease in amounts for scrap tire regulation and recycling
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##### Soil and Water Conservation District Assistance Fund (Fund 5BV0) – Department of Natural Resources

Revenues	Gain of \$3 million annually during the FY 2010-FY 2011 biennium Gain in future years
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Expenditures	Increase in maximum subsidy amount to soil and water districts
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Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- The bill changes the distribution of the current \$1 fee collected on each new tire sale and deposited into the Scrap Tire Management Fund (Fund 4R50) used by the Ohio Environmental Protection Agency (EPA). The fund supports oversight of scrap tire disposal, abatement, and removal efforts, as well as a recycling program grants.
- Under the bill, 50% of the scrap tire fee would be deposited into the Soil and Water Conservation District Assistance Fund (Fund 5BV0) used by the Department of Natural Resources to provide subsidies to soil and water conservation districts. This new revenue would be used to provide additional subsidies.
- The bill increases the maximum flat subsidy amount for each soil and water conservation district from \$30,000 annually to \$40,000 annually.
- This change in the distribution of the scrap tire fee will result in an approximate \$3.0 million annual loss in fee income deposited into Fund 4R50 and a corresponding gain in fee income deposited into Fund 5BV0 during the FY 2010-FY 2011 biennium. The impact in future years is uncertain.

# Local Fiscal Highlights

## LOCAL GOVERNMENT

FY 2010 - FUTURE YEARS

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### Soil and Water Conservation Districts

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Revenues

Gain of \$10,000 annually

Expenditures

- 0 -

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Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Each county soil and water conservation district would receive an additional \$10,000 annually under the bill as a result of an increase in the maximum state subsidy amount from \$30,000 to \$40,000.

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## Detailed Fiscal Analysis

### Distribution of scrap tire fee

Under current law, the Environmental Protection Agency (EPA) charges a total fee of \$1 (comprised of two separate 50-cent fees) on each new tire sold in Ohio. The proceeds of these fees are deposited in the Scrap Tire Management Fund (Fund 4R50) managed by EPA for scrap tire regulatory and recycling activities. H.B. 1, the main operating budget act for FY 2010 and FY 2011, appropriated approximately \$5.1 million in each fiscal year for these purposes.

The bill specifies that 50% of each 50-cent fee, amounting to a total of 50 cents per tire, is to be deposited into the Soil and Water Conservation Assistance Fund (Fund 5BV0), managed by the Department of Natural Resources (DNR). Fund 5BV0 currently consists of receipts from fees assessed on the disposal of construction and demolition debris. DNR uses Fund 5BV0 in conjunction with GRF moneys to provide subsidy assistance to Ohio's 88 soil and water conservation districts (SWCDs) for activities such as soil erosion control, water quality protection, technical assistance, and other purposes. Fund 5BV0 appropriations for this purpose under H.B. 1 are \$10.9 million in FY 2010 and \$18.1 million in FY 2011.

EPA estimates that the current \$1 scrap tire fee will generate approximately \$6.0 million annually during the FY 2010-FY 2011 biennium, all of which would be deposited into Fund 4R50 under current law. Under the bill, 50% of this amount would instead be deposited into Fund 5BV0, reducing the available revenue for scrap tire programs by approximately \$3 million and increasing the available revenue for SWCDs by the same amount.

### Increase in SWCD subsidy

Under current law, the state makes payments to SWCDs in an amount not to exceed one dollar for every dollar raised by the SWCD's local tax levy. Existing temporary law caps state payments in excess of this amount at \$30,000 per year. The bill increases the cap on additional payments to \$40,000 per year.

### Audit costs

The bill requires that all audit costs be charged to the state agency being audited. This differs from the previous arrangement under which the Department of Administrative Services (DAS) paid the audit costs for all state boards and commissions, statewide elected officials, and the General Assembly through GRF appropriation item 100405, Agency Audit Expenses. These costs amounted to \$353,028 in FY 2008 and \$294,904 in FY 2009. H.B. 1, the main operating budget for the FY 2010-FY 2011 biennium, eliminated the DAS appropriation for this purpose. Because of this change in funding and the conforming adjustment in statute made in this bill, agencies

are now required to pay the costs of these audits. These payments are deposited into the Auditor of State's Public Audit Expense – Intrastate Fund (Fund 1090).

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