

February 7, 2005
ILR 2005-A

Senator Fred J. Fife III
842W 900 So.
Salt Lake City, Utah 84104

Subject: Waste Tire Recycling Program

Senator Fife,

We have completed a brief review of the Department of Environmental Quality's (DEQ) Waste Tire Recycling Program, specifically looking into the concern's listed in your letter of January 31, 2005. We hope that the following sections address each of your concerns.

I. Program Intent and History

Throughout the state's waste tire recycling program's history its primary intent has been to clean up waste tire piles and prevent the improper use of new waste tires. As an example, in 1992 **Utah Code 26-32a-102** included legislative findings stating “. . . the disposal of waste tires is a matter of statewide concern . . . It is the intent of the Legislature in adopting this chapter to encourage the development of the recycling industry and the development of markets for recycled products.”

Beginning in 1992, Utah's program has increased its reimbursable recycling operation from approximately 3,000 tons the first year to more than 30,000 tons per year for 2004. At the current level, the tonnage represents the use of a large portion of newly generated waste tires and a smaller portion of landfill clean up tires.

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Since the program's inception, new tire fees, used to generate interest and subsidize the use of waste tires, have been adjusted a number of times to either stimulate recycling interest or prevent the build-up of excessive waste tire fund balances. Currently, the program charges a \$1.00 fee for each of the approximately 2.5 million tires sold (includes tires on new vehicles) for fiscal year 2004 revenues of \$2,535,486.

The program expenditures for fiscal year 2004 were \$2,342,000 for the recycling of about 3.5 million waste tires. Total expenditures can be broken down into reimbursement to recyclers of \$1,938,000 (83%), state and local program oversight costs of \$264,000, and an additional \$140,000 used for landfill clean up. The fund balance, which has been as high as \$6,300,000, is now just over \$600,000.

II. Current Recycling Centers

Utah currently has five registered tire recyclers: three in Salt Lake County, one in Tooele County, and one in Morgan County. All are located in areas zoned by their respective counties for their types of operations. The following are the state's registered centers:

1. **Salt Lake Valley Solid Waste Management** - a landfill operation that uses "beneficial use" waste tires to provide a protective cover layer over the general waste handled each day.
2. **Chemical Lime Company** - a lime extraction and purification plant that recycles whole tires for BTU value in its process.
3. **Tire Disposal and Recycling** - a crumb rubber manufacturer and shredded tire supplier.
4. **Utah Tire Recyclers** - a crumb rubber manufacturer and shredded tire supplier.
5. **Holcium Inc.** - a cement manufacturer that uses shredded tires for BTU value in its cement heating process.

Only one registered recycler, Tire Disposal and Recycling, is zoned in an area abutting an area zoned as residential. That site has been involved in tire recycling for more than 10 years.

III. Program Operational Effectiveness

As stated above, the current program's operation is generating and using fairly equal revenues and expenditures. There has been some state-intended shift from beneficial use (landfill use of waste tires) to the higher level—use crumb rubber production and BTU extraction, which has increased expenditures. The state uses a tiered approach that pays \$50 per ton for the beneficial use, \$65 per ton for general recycling (primarily burning for BTU extraction), and \$75 per ton for the production of usable crumb rubber products. The reimbursement is split between the actual recycler and the transporter of the waste tires.

The current fee of \$1.00 per tire charged to tire purchasers began in fiscal year 2002. Prior to the \$1.00 fee, purchases were charged \$0.85. It appears that this fee was insufficient for the program's needs with both a reduction in the number of tires recycled and a dramatic reduction in the fund balance. In fiscal year 2001, under the \$0.85 fee expenditures exceeded revenues by nearly \$400,000. It appears that there is currently a reasonable balance between new waste tire generation and waste tire recycling. In fact, DEQ projections through 2007 show a continuing slight increase in waste tires as Utah's population increases.

Salt Lake Valley Health reports that tire recycling has nearly trebled over the last decade. In 1996, the county estimates that 1.38 million tires were recycled through their program. By 2004, total recycling in the county had increased to 3.5 million. The county does not maintain proprietary information on reimbursement to individual recycling centers but believes that the greater portion of the increase has been in the beneficial use of tires as landfill day cover. They believe that production of crumb rubber and shredded tires has been fairly constant for the one center that has been on-line and will be fairly constant for the more recently opened center.

IV. Environmental Effect of Center Operations

Tire recyclers involved in the burning of waste tires, either whole or shredded, are governed by the state Department of Environmental Quality Division of Air Quality permits. Beneficial use and shredding operations do not require air quality permits as they are not deemed to be sources of emissions. The primary oversight for these operations rests with county health departments.

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According to Salt Lake Valley Health, there were complaints about particulate emissions from the crumb rubber site located near residential zoning three to four years ago. At their request, the state's Division of Air Quality conducted a 3-month test for total particulate and PM-10 particulate content. The division did not find any particulate levels beyond the acceptable range. Salt Lake Valley Health says that they have no further record of complaints since the testing was conducted. They are concerned, for other reasons, with the proximity of light industrial and residential zones.

We hope that this information addresses your needs. Please feel free to call Tim Osterstock at 538-1033 ext. 1106 if you have any further questions.

Sincerely yours,

John M. Schaff, CIA
Auditor General

JMS:TO/lm