

MINUTES

HOUSE & SENATE INTERIM COMMITTEES ON PUBLIC HEALTH, WELFARE AND LABOR

July 19, 2016

The House and Senate Interim Committees on Public Health, Welfare and Labor met Monday, June 19, 2016 at 9:00 a.m. in Committee Room A of The Big MAC Building, Little Rock, Arkansas.

Public Health Senate Members Attending Were: Senators Cecile Bledsoe, Chair; John Cooper, Scott Flippo, and Keith Ingram.

Public Health House Members Attending Were: Representatives Deborah Ferguson, Acting Chair; Fredrick Love, Acting Vice Chair; Mary Bentley, Ken Bragg, David Branscum, Charlene Fite, Kim Hammer, Ken Henderson, Stephen Magie, David Meeks, Betty Overbey, John Payton, Jeff Wardlaw, and Richard Womack.

Other Legislators Attending Were: Senators Linda Chesterfield, Jonathan Dismang, Blake Johnson, Terry Rice, and Larry Teague. Representatives Scott Baltz, Mary Broadaway, Jim Dotson, Kenneth Ferguson, David Fielding, Lanny Fite, Vivian Flowers, David Hillman, Jack Ladyman, Micah Neal, James Ratliff, Laurie Rushing, James Sorvillo, and Nelda Speaks.

Comments by the Chairs

Senator Cecile Bledsoe called the meeting to order and made opening comments regarding the agenda.

History and Background of the Waste Tire Recycling Program (Handout #1)

Representative Lanny Fite, Former Saline County Judge, and Roger Davis, President, Davis Rubber Company, presented an overview on the history and background of the Waste Tire Recycling Program. Representative Lanny Fite has been working on this issue since the 2015 legislative session, when House Bill 1479 was introduced.

Representative Fite explained and discussed the information contained in Handout #1 (titled, "Waste Tire Management Districts") regarding the Waste Tire Program.

Senator Bledsoe asked Representative Fite how many districts take tires to the West River Valley District. Mr. Fite stated that nine (9) districts take their waste tires to the West River Valley District. The eastern districts are now sending their tires somewhere else, mostly to Louisiana and Mississippi for processing.

Senator Bledsoe asked Paul Louthian, Administrator, Accounting Office, Arkansas Department of Finance and Administration (DFA), to come forward and report on what is going on with the West River Valley Inter-District Waste Tire program.

Paul Louthian, Administrator, Office of Accounting, Department of Finance and Administration (DFA), stated that on or about May 15, 2016, ADEQ asked the DFA to go to the West River Valley District to determine if there is any fraud or misappropriation of funds by the district management. Mr. Louthian stated that when he and the DFA team arrived at the West River Valley District, the Arkansas State Police and Legislative Audit were already onsite. The local prosecutor had been there the previous day to seize the computer and the accounting records, so his office could conduct their own audit. Legislative Audit is currently involved in the ongoing investigation.

Representative Fite stated that before implementing a raise in the waste tire fees, the program needs to build an accountability platform into the program. Senator Keith Ingram suggested the entire Waste Tire Recycling Program needs a complete overhaul.

Roger Davis, President, Davis Rubber Company, has two (2) permitted processing facilities in Little Rock, Arkansas; and they recycle nearly 100% of the waste tires they receive. Mr. Davis gave a brief history and description of the Davis Rubber Company business. Representative Hammer discussed the possibility of applying for grants to help the waste tire divisions offset equipment and other costs.

Review of the Arkansas Waste Tire Recycling Program (Handout #2)

Becky Keogh, Director, Arkansas Department of Environmental Quality (ADEQ), Julie Chapman, Associate Director of Law and Policy, ADEQ, and Tim Cane, Chief Operating Officer, Office of Operations and Outreach, ADEQ; presented a review of the Arkansas Waste Tire Recycling program.

Ms. Keogh said that ADEQ is currently evaluating the efficiency and the effectiveness of the Arkansas Waste Tire program. ADEQ's tire program operations are listed on slide #5 of Handout #2. In 2015 ADEQ conducted 96 inspections of waste tire processing facilities, collection centers, and tire monofills. There have been 55 inspections to date in 2016.

The inspections generated the following concerns and challenges for ADEQ (Some believe fund distribution can be unfair or disproportionate for the current year):

- ◆ Tire grant formulas that provide distribution of funds based on previous year's tires "managed"
- ◆ Same quality of collection services not offered statewide
- ◆ Management of tires varies from district to district
- ◆ No standard manifest system in place to verify tire numbers managed or cradle-to-grave tracking of tires to prevent illegal dumping
- ◆ In some instances, tire program dollars are used for other purposes or never used

In 2016 tires were used in local and regional markets for the following purposes (the recycling rate is 70.9%):

◆ Playground rubber	31 tons
◆ Tire derived fuel	19,657 tons
◆ Recycled steel	2,698 tons
◆ Other crumb rubber	5,836 tons
◆ Used tires	276 tons
◆ Land disposal	12,541 tons

Ms. Chapman said no other state handles their waste tires in the same manner that Arkansas does. Arkansas needs model legislation for total reform that will initiate a best practices solution. A Waste Tire Manifest System Program has the ability to track waste and used tires, and the illegal dumping of tires.

Representative Hammer made a motion for the Public Health, Welfare & Labor Committees to request legislative audit to look at all the waste tire districts regarding the following 3 items: 1) To review all contracts to insure compliance with current laws and follow best practices of the procurement laws; 2) A current financial assessment of each district; and 3) Review the contracts between the waste tire recycling districts and the regional planning and development district. The motion passed without objection.

County Judges Association and Local Oversight of the Waste Tire Recycling Program

County Judge Brandon Ellison, Polk County, and County Judge Rusty McMillon, Greene County, and Wes Fowler, Government Relations Director, Arkansas Association of Counties and former Judge of Madison County, presented local oversight of the Waste Tire Recycling Program.

Each county judge gave a brief overview of the waste tire program in their county. Melissa Rivers, Executive Director of The East Arkansas Planning & Development District, said the biggest cost of recycling waste tires is driven by transportation.

Waste Tire Management Districts and Local Operation of the Waste Tire Recycling Program

Andrew Armstrong, Director, Southeast Arkansas Waste Tire Management District, and Glen Bell, Director, Southeast Arkansas Regional Planning & Development and Solid Waste Management District; presented a brief overview of the operations in the Southeast Solid Waste District.

The Southeast District recycles 60% of all the tires in their district, the other 40% are sent to the landfill, and the waste tire program in Southeast Arkansas is regulated by the state.

Representative Hammer made a motion for Legislative Audit to review the current accounting system for weighing and counting tires and to bring an independent assessment back to this committee. The motion passed without objection.

Wendy Cravens, with Benton County Solid Waste District, gave a brief overview of their tire recycling program and said that Benton County would welcome more oversight.

Stacy Ford, who manages five solid waste districts located in Central Arkansas, gave a brief overview of these solid waste districts' tire recycling programs. Ms. Ford suggested there is a need to initiate statewide education of the public, regarding the purpose of the waste tire fee. Ms. Ford also suggested that some type of legislation is needed to monitor online tire sales for the purpose of adding the disposal fee at this point of sale.

Arkansas Department of Environmental Quality (ADEQ), Waste Management, Review of Regulation No. 27—To Consider the Licensing of Operators of Solid Waste Management Facilities (EXHIBIT H) (Handout #3)

Tammie Hynum, Acting Senior Operations Manager, Office of Land Resources, ADEQ, presented an overview of Regulation No. 27 in the Waste Management Division. The proposed changes to Regulation No. 27 will put ADEQ in compliance with Act 937 and the proposed changes are:

- ◆ To allow the ADEQ Director to have authority to grant waiver
- ◆ To allow the ADEQ Director to have authority to withdraw waiver
- ◆ For correction of the spelling error in the definition of 'Recovered Materials'
- ◆ For stylistic and formatting corrections

Without objection, Regulation No. 27 was reviewed.

Summary of Governance Issues and Needed Next Steps Regarding the Waste Tire Recycling Program

Representative Lanny Fite, Former Saline County Judge, made closing comments.

The meeting adjourned at 1:00 p.m.