

**STATEMENT OF
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**BEFORE THE
CONNECTICUT JOINT COMMITTEE ON ENVIRONMENT
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HARTFORD, CONNECTICUT**

Members of the Committee, I respectfully submit this testimony on behalf of the Institute of Scrap Recycling Industries (ISRI) Tire Division. ISRI is the trade association based in Washington, D.C. that represents more than 1,600 private, for-profit companies that process, broker and industrially consume scrap commodities including metals, paper, plastics, glass, textiles, rubber and electronics.

Statement Summary

Thank you for the opportunity to submit testimony in opposition of Senate Bill 869. The tire recycling industry contends that this legislation will permanently harm and disrupt tire recycling in Connecticut by upending the current market-driven system and replacing it with an unnecessary, artificial financial “stewardship program” that gives complete control of one industry [tire recyclers] to another industry [tire manufacturers].

Product stewardship legislation may be necessary for difficult products and goods that lack end markets. But it makes little sense for used and end-of-life tires that are resold and processed into commodity grade feedstock that supplies a strong reuse and recycling market across the country. In Connecticut alone, tire recyclers are reusing and recycling the vast majority of the 3.5 million scrap tires generated annually. A vibrant, competitive and fair market exists across the state.

We contend that SB 869 is not the best way to improve tire recycling in Connecticut. For example, under current law, there is no uniform licensing or permitting requirement for participants in the recycling stream. Similarly, there is no manifest or other tracking system to ensure tires reach responsible recyclers. The state also lacks strict penalties and consistent enforcement to deter illegal dumping. Collectively, these policies are greatly preferred to the proposal in SB 869.

The Tire Recycling Industry

Each year, approximately 100 million tires are processed by the recycling industry. In the past, scrap tires — generated when an old, worn tire is replaced with a new tire — were often dumped illegally in lakes, abandoned lots, along the side of the road and in sensitive habitats.

Today, scrap tires are playing a much different role as an important part of the manufacturing process. Scrap tire rubber is used in the manufacture of new tires, playground surfaces, equestrian mats and rubberized asphalt among other products. Other cutting-edge manufacturers are combining scrap tires with materials such as scrap plastic to produce flower pots, roofing tiles and auto parts.

A tire is a highly engineered and extensively designed product that is meant to be virtually indestructible under a variety of conditions. Because of this, tires were difficult to recycle, but that has changed. Tire recyclers have invested millions of dollars in technologies and equipment to recycle tires, allowing scrap tires to play an important role in strengthening our economy and protecting our environment.

At tire recycling facilities, the main piece of equipment is the tire shredder, which uses powerful, interlocking knives to chop tires into smaller pieces. Shredding a tire at room temperature using such knives is called ambient shredding. Tires can also be shredded through a cryogenic process that uses liquid nitrogen to freeze them at a sub-zero temperature. Such temperatures cause the physical properties of the tires to change dramatically and become very brittle. The tire is placed in an enclosure in which powerful hammers smash the tire apart.

Cryogenic grinding is used to make fine crumb rubber powders that are then used in products such as synthetic turf. The non-rubber portions of the tire also are recycled. For example, the steel beads that give the tire its shape and structure are recovered by recyclers and processed into specification grade product used by steel mills for the production of new steel.

Tire recycling is an economically sound, environmentally friendly activity that can contribute to the reduction of a product's overall carbon footprint. In fact, the use of recycled rubber in molded products provides a substantial carbon footprint advantage over the use of virgin plastic resins, having between four and 20 times lower carbon footprint.

In Connecticut, scrap tires are brought to retailers and other generation points where a retailer-set fee is charged for their collection and processing. The tires are then transported to a tire recycling facility where they are either resold as used tires, recycled into crumb rubber and other products or processed for use as tire-derived fuel. Recyclers must have permits for facilities, fire prevention and control measures, facility plans and sureties for proper closure and disposal of maximum capacities, and daily records with monthly summaries. This system has worked to eliminate the large tire piles of past decades while keeping costs both low and transparent for consumers.

SB 869 Will Not Solve Illegal Dumping

Product Stewardship is not needed to address less than 0.5% of tires illegally dumped. The solution is strict penalties for any illegal dumping and ongoing, consistent enforcement.

Proponents of SB 869 suggest that this legislation will halt illegal tire dumping in the state. However, a closer look indicates that the number of illegally dumped tires in the state is miniscule compared to the number of tires being generated and responsibly recycled. Of the estimated 3.5 million tires generated in the state, the Connecticut Department of Energy and Environmental Protection Department reports (the only data available) that 14,000 tires were found in illegal dumps in 2014. This equates to less than 0.5% of the tires generated. It is hard to imagine that Connecticut needs to disrupt the entire tire recycling infrastructure by imposing SB 869 to address such a small number of illegally dumped tires.

It is illegal to dump tires in Connecticut. Enforcement is a vital cornerstone to any functioning liberal democracy. Without enforcement, we are left with unfunded mandates and citizens empowered to disregard the laws without criminal recourse. Enforcement of existing anti-dumping laws is a much simpler solution to curtail illegal dumping.

SB 869 also lacks any penalties for persons or consumers that illegally dump tires. The argument is that if there is no cost to recycle the tire, i.e., the “stewardship program”, then consumers will stop dumping the tires. However, in other states, such as Vermont, even during “amnesty days” in which no fee is charged to recycle tires and other state programs that offer free drop off services for consumers, illegal dumping still exists. What that tells us is that a nominal fee averaging \$2 dollars per tire is not the reason consumers decide to illegally dispose of their tires. Therefore, SB 869 is based on a false premise that actually just hides the costs of collection and recycling.

The tire recycling industry suggests there is a much simpler approach to address the 14,000 tires dumped in 2014. The state needs targeted penalties for any person or consumer that illegally dumps tires and consistent enforcement of such laws. The lack of penalties in SB 869 should cause this distinguished body to question how proponents expect this legislation to curb illegal dumping at all when there are no consequences for those doing the dumping.

SB 869: A Negative Impact on Small and Medium Sized Companies

Giving tire manufacturers' full control over which recycling company to contract with, or not, is a kin to having the "fox watch over the henhouse". Tire recyclers would prefer the "farmer [Connecticut government] to watch over the henhouse" i.e., to provide fair oversight, equal access to the market and consistent enforcement for all companies, not just the largest.

SB 869 will distort the Connecticut tire market by requiring tire manufacturers to dictate the flow of used tires to a few, select tire recyclers of their choice. The tire recycling industry adamantly opposes this approach because it undermines the vibrancy of the existing recycling infrastructure throughout the state and New England region. Placing manufacturers in charge of picking which recyclers succeed and fail poses a serious threat to the viability of the smaller family-owned and medium size recycling companies in Connecticut. As in other take-back states, product manufactures tend to gravitate to a few larger, regional companies who have the capacity to handle greater volumes. SB 869 would essentially enable tire manufacturers to create recycling monopolies in Connecticut with tire recyclers operating outside of the state. An even greater fear is that this could be accomplished solely using large tire recyclers operating outside of the state.

While this is not the stated intent of SB 869, tire recyclers fear that a lack of consultation with the industry has left drafters and supporters of this bill with an inaccurate picture of the current marketplace. Not only does the bill fail to recognize the vibrancy and successful business practices already taking place in Connecticut, but SB 869 fails to even mention tire recyclers. Tire recyclers were left to discover a "stewardship" program that would completely disrupt, and potentially shut-down, our current business models. This is not the solution.

SB 869: An Odd Path to Stockpiling

Once tire manufactures meet their "performance goals" municipalities, haulers and recyclers are left without payment for collected tires. In other states, this has led to stockpiling of used products.

The "stewardship" plans outlined in SB 869 requires manufacturers to set performance goals that could create market confusion and, oddly enough, the stockpiling of tires. As has been demonstrated in other stewardship plans, such as *New York's Electronics Reuse and Recycling Act*, which is based on performance goals, payments for collection and processing cease when the goals are met regardless of how much material has been collected. Without payment, the New York program has led to stockpiling of already collected cathode ray tube monitors and televisions. This is not the right approach for Connecticut to manage its tires.

In contrast, the Connecticut electronics recycling law, *CH 446n Covered Electronic Devices*, does not have performance goals per se. Municipalities collect and transport equipment to recyclers, recyclers then reimburse municipalities for their costs, and then recyclers directly

invoice manufacturers for their incurred costs of collection, transport, and recycling. The state determines the share that each manufacturer will be assessed based on their market share, and also charges manufacturers an annual fee of \$5000 + the manufacturer's share of the cost of the program. So it's a state-run system where recyclers directly bill manufacturers and the state provides oversight and enforcement.

If this body determines a stewardship program is unavoidable in Connecticut, you may consider a similar type of payment structure as an alternative to SB 869. We certainly do not want to create a market dynamic similar to the problems in New York. This distinguished body should carefully consider whether it wants to risk these unintended consequences when the tire recycling industry already has a regulated, sustainable market in place.

SB 869: Disrupts the Market by Forcing Higher Use Recycling

Artificially incentivizing the supply of recycled tires without accompanying incentives to increase demand for such recycled tires will disrupt fundamental economic principals in the Connecticut and New England tire recycling market.

SB 869 requires tire manufacturers to create recycling goals that would exclude any tires sent for tire-derived fuel (TDF). This is a problem as it would artificially incentives tire manufacturers to send more tires to recycling in order to meet their “stewardship” goals. While this may seem like an odd problem for the tire recycling industry to point out, it is not. Because tire recycling is a classic example of supply and demand economics, any artificially generated volume without similar demand for such volume can distort value for such material.

Make no mistake, ISRI does not consider incineration or energy recovery to be recycling, however, under certain market conditions, these non-recycling choices are necessary if not vital to the overall health of the marketplace. Under today’s market conditions, there is simply not enough market demand to support the volumes of tires being recycled in the United States. While TDF is not a preferred use for tires, it has historically been a vital tool in eliminating legacy stockpiles, and is vital to preventing landfilling, stockpiling, or market distortions.

ISRI’s tire recyclers fully support the growth of end-use markets for used tires and commodity grades, such as crumb rubber over tire-derived fuel (TDF), but imposing artificial barriers for alternative uses such as fuel will, under current market conditions, hurt the tire recycling industry. ISRI’s tire recyclers encourage this body to consult with experts in the recycling industry on the market dynamics for scrap tires prior to establishing any recycling goals such as those set forth in SB 869 in order to avoid these unnecessary consequences.

SB 869: Does NOT Alleviate Government Oversight

Proponents of SB 869 falsely claim that SB 869 will require less public enforcement. Product stewardship laws require the same, if not more, enforcement. Placing new policies on top of old policies to address lack of funding and enforcement is not the solution.

SB 869 does not establish a private sector solution as some proclaim, but creates a new program requiring the same level of government oversight as that currently in place. While SB 869 Section 2 states that the stewardship plans should "minimize public sector involvement in the management of discarded tires," ISRI does not believe that a tire stewardship program could be run successfully with less involvement from the government.

During the January 2015 Tire Stewardship Dialogue Meeting, representatives from Ontario stated that their tire stewardship program only operates through vigorous governmental monitoring and regulation with robust enforcement. They stated that their system is subject to abuse by parties bringing tires from other areas to take advantage of the subsidies in order to make up for the excess supply caused by their TDF ban. Ontario also pointed out that its program is the most expensive in the world for consumers.

SB 869: Recommendations and Alternatives

ISRI respectfully requests this body turn its attention to more effective and less intrusive ways to address the concerns outlined by proponents of SB 869. It is unnecessary and ultimately more expensive to do undermine and harm the existing tire recycling infrastructure in Connecticut.

Instead, ISRI suggests that this distinguished body look at development of a system to: (1) establish a uniform licensing or permitting requirement for participants in the recycling chain; (2) develop a manifest or other tracking system to ensure that tires reach responsible recyclers that are adhering to the proper environmental and business standards; and, (3) develop strict penalties and consistent enforcement to deter illegal dumping

ISRI's tire recyclers would be pleased to provide this body with examples of oversight models currently being utilized in other states with success. Our vast information network includes resources on alternative market uses for scrap tires such as the increased safety and reduced road noise associated with rubberized asphalt. ISRI also publishes suggested tire storage recommendations to address fire safety concerns and potential health risks. All of these resources as well as economic reports and the market dynamics of our industry are available to you to assist with the development of reasonable oversight structures.

Thank you again for this opportunity to present testimony before this distinguished committee. ISRI looks forward to working with you on this issue.